

### FY2005 CAPITAL IMPROVEMENT PROGRAM (CIP)

# TOWN MANAGER'S "REVISED" RECOMMENDATIONS AND FUNDING SUMMARY (2/6/04)

The Town's department and division Heads submitted initial CIP requests totaling \$10.9 million for FY2005. Those requests were thoroughly discussed and considered during a number of group and internal review sessions conducted last Fall. The Town Manager presented an initial total CIP recommendation of \$7,201,700 on October 31, 2003.

In December the Board of Selectmen voted to reduce the General Fund Revenue funding allocated for capital projects by \$240,000. Three additional critical capital requests were also submitted for consideration (see "new" requests noted below). These actions required the Town Manager to reconsider his earlier recommendations and prepare a "revised" total CIP recommendation for FY2005. That recommendation is \$8,381,500 as of February 6, 2004.

Although the sum total of Town Manager's revised recommendation has increased, the actual dollar impact to the FY05 budget (and to future budgets) has been significantly decreased because a number of projects are now proposed to be funded through the transfer of previously funded project balances (instead of from new revenues), and three other large projects are now proposed to be funded through the use of Free Cash (instead of by long-term borrowing). The latter recommendation is estimated to save approximately \$421,000 in debt interest costs over the next fifteen years.

The Town Manager's "Revised" total FY05 CIP by funding source:

From General Fund Revenue	\$2,045,000
From General Fund Transfers	\$ 170,000
From General Fund Free Cash	\$1,575,000
From General Fund Borrowing	\$ 900,000
From Special Dedicated Funds	\$ 791,500
From Sewer Enterprise Reserves	\$ 550,000
From Sewer Enterprise Borrowing	\$1,250,000
From Water Enterprise Reserves	\$1,100,000

Total "Revised" FY05 CIP Recommendation \$8,381,500

#### From General Fund Revenue:

It is recommended that the following projects be funded with General Fund Revenue. This is the annual "pay-as-you-go" funding from FY2005 tax dollars which will be presented as the Article 5 Capital Projects Fund appropriation:

DPW-3 Reconstruction of Existing Sidewalks \$ 50,000

P&F-1	Town Projects – Building Division	\$	359,000				
P&F-2	Town Projects – PH&E Division	\$	60,000				
P&F-4	Town & DPW Vehicles	\$	216,000				
P&F-7	Elevator Cylinder Replacements (new)	\$	135,000				
P&F-8	Radio Fire Alarm Boxes (new)	\$	90,000				
P-1	Police Vehicle Replacement	\$	158,000				
P-2	Mobile Computer Upgrade	\$	42,000				
SCH-1	Health & Safety	\$	248,000				
SCH-2	Curriculum & Instruction	\$	507,000				
SCH-3	General Maintenance	<u>\$</u>	180,000				
Total from General Fund Revenue \$2,045,000							

# **From General Fund Transfers:**

It is recommended that the following projects be funded by transferring the residual balances of old capital appropriations:

Total from General Fund Transfers \$ 1									
YS-2	•								
LIB-1	Library Main Floor Redesign	\$	105,000						
DPW-2	Bridge Maintenance	\$	50,000						

## From General Fund Free Cash:

It is recommended that following projects be funded by Free Cash:

Total from General Fund Free Cash \$1,575,000								
SCH-4	<u>\$ 475,000</u>							
F-1	Fire Rescue Ladder Truck	\$ 600,000						
ES-1	Senior Center Design	\$ 500,000						

#### **From General Fund Borrowing:**

It is recommended that the following project be funded by General Fund Borrowing:

Total from Gener	al Fund Borrowing	\$	900,000
•	h Plain Road Reconstruction ish Brook	<u>\$</u>	900,000

#### **From Special Dedicated Funds:**

It is recommended that the following projects be funded from two of the Special Dedicated Funds (Chapter 90 Receipts and the Parking Meter Fund):

DPW-7	Major Annual Road Maintenance (Ch. 90)	\$	693,500
P-3	Parking Management Program Equipment	<u>\$</u> _	98,000

Total from Special Dedicated Funds \$ 791,500

#### From Water & Sewer Enterprise Reserves:

It is recommended that the following projects be funded by Water and/or Sewer Enterprise Reserves or capital transfers:

DPW-8	Sanitary Sewer Replacement	\$ 100,000
DPW-9	Rehabilitation of Water Tanks	\$ 400,000
DPW-10	Water Meter Replacement Program *	\$ 900,000
DPW-11	Water Distribution Improvements	\$ 250,000

Total from Water & Sewer Funds \$1,650,000

#### From Sewer Enterprise Borrowing:

It is recommended that the following project be partially funded by Sewer Enterprise Fund Borrowing:

DPW-16 Complete Sanitary Sewer Projects (new)\* \$1,250,000

Total from Sewer Fund Borrowing \$1,250,000

<sup>\* \$579,933</sup> of this request will be funded by using residual balances from old enterprise capital articles.

<sup>\*</sup> Approximately \$225,000 of this request will funded by using the remaining balance from the recently completed Cross Street Sewer Project, and \$1,025,000 will be funded from Sewer Enterprise Fund borrowing. In addition, the remaining bond authorization of approximately \$1.1 million from Article 18 of the 1985 Annual Town Meeting for sewer system improvements will be rescinded at the 2004 Annual Town Meeting as an offset to the new bond authorization.

# TOWN MANAGER'S "REVISED" ARTICLE 5 CAPITAL PROJECTS FUND RECOMMENDATIONS FOR FY05

	Proposed Reductions			Eliminate/defer		Fund from old DPW articles	No change (or eliminate/defer)			Fund from P&F Article 32-01	Reduce by \$91k (or \$142k)	Reduce by \$10k (or \$25k)			Added project	Added project	No change (or reduce by \$31k)			<ul> <li>Reduce by \$120 (or \$267k)</li> </ul>		Eliminate/defer	Fund from P&F Article 25-95	
	(Level	Funding	Option)	\$0	\$0	*	\$0	\$0	\$0	*	\$308,000	\$45,000	\$216,000	\$0	\$135,000	\$90,000	\$127,000	\$42,000	\$198,000	\$460,000	\$130,000	\$0	*	\$1,751,000
Revised	TM Rec.	FY2005	2/6/04	0\$	\$0	*	\$50,000	\$0	\$0	*	\$359,000	\$60,000	\$216,000	\$0	\$135,000	\$90,000	\$158,000	\$42,000	\$248,000	\$507,000	\$180,000	\$0	*	\$2,045,000
	TM Rec.	FY2005	10/31/03	\$61,000	\$0	\$50,000	\$50,000	\$0	0\$	\$105,000	\$450,000	\$70,000	\$216,000	80			\$158,000	\$42,000	\$305,000	\$507,050	\$242,950	\$13,200	\$15,000	\$2,285,200
	Dept. Rqt.	FY2005		\$61,000	80	\$80,000	\$0	80	0\$	\$105,000	\$450,000	\$70,000	\$561,000	\$0	\$135,000	\$100,000	\$210,000	\$42,000	\$1,086,000	\$532,050	\$1,266,450	\$13,200	\$15,000	\$4,726,700
DEPARTMENT REQUESTS			Request Title	Pedestrian Bridge Replacement	Storm Water Management Program		Reconstruction of Existing Sidewalks	Minor Storm Drainage Improvements	Town Technology Infrastructure	Library Main Floor Redesign	<u>;'</u>	Town Projects - PH&E Division			New Elevator Cylinder Replacements. (12/12/03)	New Radio Fire Alarm Boxes (12/12/03)	Police Vehicle Replacement	Mobile Computer Upgrade	<del></del>	Curriculum & Instruction	General Maintenance	Inline Rink Surfacing & Goals	Skate Park Maintenance	Total All Departments
MENT	CIP	Page	Š.	9	43	45	47	51	115	15	29	31	34	38	New	New	25	26	65	29	69	12	13	
DEPART			Rqst. #	CON-1	DPW-1	DPW-2	DPW-3	DPW-5	FIN-1	LIB-1	P&F-1	P&F-2	P&F-4	P&F-5	P&F-7	P&F-8	P-1	P-2	SCH-1	SCH-2	SCH-3	YS-1	YS-2	

\* Projects to be funded by transferring residual balances from old related capital articles.

# TOWN OF ANDOVER TOWN MANAGER'S "REVISED" RECOMMENDED CAPITAL IMPROVEMENT PROGRAM FOR FY05 (AND DEPT. CAPITAL NEEDS FY06-FY09)

#### **DEPARTMENT REQUESTS**

	Funding	CIP Page		Dept. Rqt. FY2005	TM Rec. FY2005	TM Rec. FY2005	Dept. Rqt.	Dept. Rqt.	Dept. Rqt.	Dept. Rqt.
Rqst.#	Source	No.	Request Title		10/31/03	2/6/04	FY2006	FY2007	FY2008	FY2009
CON-1	GFR	6	Pedestrian Bridge Replacement	\$61,000	\$61,000	\$0				
DCS-1	GFB	9	Community Recreation Center					\$400,000	\$4,500,000	
DPW-1	GFR	43	Storm Water Management Program	\$0	\$0	\$0	\$75,000	\$75,000	\$0	\$0
DPW-2	GFT	45	Bridge Maintenance Program	\$80,000	\$50,000	\$50,000	\$150,000	\$200,000	\$0	\$200,000
DPW-3	GFR	47	Reconstruction of Existing Sidewalks	\$0	\$50,000	\$50,000	\$1,521,000	\$898,000	\$989,000	\$905,000
DPW-4	GFB	49	New Sidewalk Construction	\$0	\$0		\$831,000	\$733,000	\$1,183,000	\$279,000
DPW-5	GFR	51	Minor Storm Drainage Improvements	\$0	\$0		\$300,000	\$0	\$300,000	\$0
DPW-6	GFB	52	High Plain Rd. Reconstruction @ Fish Brook	\$900,000	\$900,000	\$900,000				
DPW-7	SDF	53	Major Annual Road Maintenance (Ch. 90)	\$693,500	\$693,500	\$693,500	\$693,500	\$693,500	\$693,500	\$693,500
DPW-8	SER	54	Sanitary Sewer Replacement	\$500,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
DPW-9	WER	55	Rehabilitation of Tanks	\$400,000	\$400,000	\$400,000				
DPW-10	WER/SER	56	Water Meter Replacement Program *	\$1,800,000	\$900,000	\$900,000	\$900,000			
DPW-11	WER	58	Water Distribution Improvements	\$500,000	\$250,000	\$250,000	\$500,000	\$500,000	\$500,000	\$500,000
DPW-12	WEB	59	WTP Improvements - Phase II, Part A				\$3,330,000			
DPW-13	WEB	60	Water System Supply Improvements			estant in the		\$300,000	\$1,000,000	
DPW-14	WEB	61	WTP Improvements - Phase II, Part B					\$1,430,000		
DPW-15	GFB		Devermond Field Expansion	1				TDB		
DPW-16	SEB	New	Complete Sanitary Sewer Prog. (12/12/03)			\$1,250,000				
ES-1	GFC	10	Senior Center Design	\$500,000	\$500,000	\$500,000	\$6,000,000			
FIN-1	GFR	11b	Town Technology Infrastructure	\$0	\$0	***************************************	\$63,000	\$67,000	\$70,000	\$73,000
F-1	GFC	18	Rescue Vehicle w/ Ladder	\$600,000	\$600,000	\$600,000	\$487,000	\$100,000	\$211,000	
F-2	GFB	22	Upgrade West Fire Station	\$0	\$0		\$2,000,000			
F-3	GFB	23	Replace Ballardvale Fire Station			er ragadaja god		\$4,000,000		
LIB-1	GFT	15	Library Main Floor Redesign	\$105,000	\$105,000	\$105,000				
P&F-1	GFR	29	Town Projects - Building Division	\$450,000	\$450,000	\$359,000	\$220,000	\$220,000	\$170,000	\$145,000
P&F-2	GFR	31	Town Projects - PH&E Division	\$70,000	\$70,000	\$60,000	\$100,000	\$100,000	\$100,000	\$100,000
P&F-3	SDF	33	Town Projects - Parks/Grounds/Cemetery	\$20,000	\$0	\$0	\$20,000	\$20,000	\$20,000	\$20,000
P&F-4	GFR	34	Town & DPW Vehicles	\$561,000	\$216,000	\$216,000	\$875,000	\$426,000	\$403,000	\$339,000
P&F-5	GFR	38	Athletic Field Expansion	\$0	\$0	\$0	\$250,000	\$250,000	\$250,000	\$250,000
P&F-6	GFB	40	New Ball Fields	\$0	\$0	\$0	\$1,100,000			
P&F-7	GFR	New	Elevator Cylinder Replacements (12/12/03)			\$135,000			ĺ	
P&F-8	GFR		Radio Fire Alarm Boxes (12/12/03)			\$90,000				
P-1	GFR	25	Police Vehicle Replacement	\$210,000	\$158,000		\$215,000	\$215,000	\$225,000	\$225,000
P-2	GFR		Mobile Computer Upgrade	\$42,000	\$42,000				' '	
P-3	SDF	27	Parking Mgmt. Program Equipment	\$78,000	\$98,000			\$66,000		
SCH-1	GFR	65	Health & Safety	\$1,086,000	\$305,000	\$248,000	\$1,787,000	\$717,000	\$397,000	\$12,000
SCH-2	GFR	67	Curriculum & Instruction	\$532,050	\$507,050					
SCH-3	GFR	69	General Maintenance	\$1,266,450	\$242,950	<ul> <li>A contract and a contract of the contract of the</li></ul>		\$455,000	\$210,000	\$30,000
SCH-4	GFC	72	Collins Center & WMS HVAC	\$475,000	\$475,000	\$475,000			1	
YS-1	GFR	12	Inline Rink Surfacing & Goals	\$13,200	\$13,200			<b></b>		<b></b>
YS-2	GFT	13	Skate Park Maintenance	\$15,000	\$15,000					
			Total All Departments	\$10,958,200	\$7,201,700	<del></del>	\$24,653,500	\$13,111,500	\$12,631,500	\$5,351,500

<sup>\* \$579,933</sup> of this request will be funded by using residual balances from old enterprise capital articles.

#### **CITIZEN REQUESTS**

	Funding	Page		CIT. Rqt.
Rqst.#	Source	No.	Request Title	FY2005
CIT-1		78	Downtown ADA Grant Program	\$25,000
CIT-2		78b	Pond Dredging - 23 Rattlesnake Road	\$30,000

#### TM's "Revised" Recommended FY05 CIP - By Funding Source

GFR	= General Fund - Revenue	\$2,045,000
GFT	= General Funds - Transfers	\$170,000
GFC	= General Fund - Free Cash	\$1,575,000
GFB	= General Fund - Borrowing	\$900,000
SDF	= Special Dedicated Funds (Ch.90, Prkg. Mtr., etc.)	\$791,500
SER	= Sewer Enterprise - Reserves	\$550,000
SEB	= Sewer Enterprise - Borrowing	\$1,250,000
WER	= Water Enterprise - Reserves	\$1,100,000
	Total FY05 Requests - All Funding Sources	\$8,381,500

# TOWN OF ANDOVER DEBT SCHEDULE-PRINCIPAL JUNE 30, 2003 (POST 12/15/03 ISSUE)

12/15/2003	8,650,000,00 700,000,00 2,240,000,00 7,000,000,00 10,193,222,27 3,193,078,77 760,000,00 2,310,000,00 150,000,00	5,400,000.00 225,000.00 4,650,000.00 10,275,000.00 48,311,301.04	10,000.00 1,524,000.00 379,000.00 200,000.00 90,000.00 1,200,000.00 170,000.00 275,000.00 275,000.00 450,474.53 136,446.70 659,493.15 192,600.00 140,000.00 75,000.00 75,000.00 165,000.00 75,000.00 165,000.00 165,000.00 165,000.00 165,000.00 165,000.00
2024	0.00	00.0	45,000.00 100,000.00 145,000.00
2019 - 2023	260,000.00 450,000.00 1,750,000.00 2,460,000.00	900,000.00 45,000.00 975,000.00 1,920,000.00 4,380,000.00	230,000.00 500,000.00 730,000.00
2014 - 2018	2,600,000.00 200,000.00 650,000.00 790,000.00 1,750,000.00 2,910,000.00	1,500,000.00 50,000.00 1,225,000.00 2,775,000.00	250,000.00 500,000.00 750,000.00
2009 - 2013	3,090,000.00 250,000.00 650,000.00 1,750,000.00 4,822,107.75 1,739,791.06	1,500,000.00 55,000.00 1,225,000.00 2,780,000.00 15,881,898.81	423,000.000 62,000.000 600,000.000 100,000.000 171,774.98 43,433.96 358,075.46 104,879.05 250,000.00 3,113,163,45
2008		300,000.00 15,000.00 245,000.00 560,000.00 3,251,107.37	222,000.00 64,000.00 120,000.00 52,000.00 90,000.00 81,686.00 27,407.83 126,559.43 37,059.96 50,000.00
2007	595,000.00 610,000.00 50,000.00 50,000.00 130,000.00 130,000.00 160,000.00 160,000.00 350,000.00 350,000.00 985,487.36 965,201.20 441,636.45 425,906.17	300,000.00 15,000.00 245,000.00 560,000.00 3,272,123.81	206,000.00 110,000.00 64,000.00 50,000.00 20,000.00 25,000.00 50,000.00 40,000.00 84,864.09 84,864.09 84,864.09 129,791.78 38,002.73 38,002.73
2006	590,000.00 50,000.00 140,000.00 160,000.00 165,281.81 453,349.86 700,000.00 50,000.00	300,000.00 15,000.00 245,000.00 560,000.00 3,218,631.67	211,000,000 63,000,000 50,000,000 20,000,000 120,000,000 50,000,000 90,000,000 87,305,09 87,305,09 13,946,90 3,672,64 10,000,000 11,000,000 50,000,000 55,000,000 50,000,00
2005	585,000.00 50,000.00 140,000.00 160,000.00 350,000.00 160,777.15 65,344.23 380,000.00 710,000.00 50,000.00	300,000.00 15,000.00 245,000.00 560,000.00 3,211,051.38	226,000.00 110,000.00 63,000.00 50,000.00 25,000.00 25,000.00 40,000.00 90,000.00 11,179.37 3,476.40 13,619.58 3,617.17 27,000.00 16,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00 50,000.00
2004	580,000.00 50,000.00 140,000.00 160,000.00 350,000.00 67,051.00 67,051.00 900,000.00 50,000.00	300,000.00 15,000.00 245,000.00 560,000.00 3,421,488.00	10,000.00 236,000.00 63,000.00 63,000.00 25,000.00 25,000.00 45,000.00 35,000.00 13,665.00 4,284.00 17,500.00 27,000.00 27,000.00 27,000.00 25,000.00 25,000.00 25,000.00 25,000.00
LOAN	1-Dec-96 1-Dec-96 15-Dec-00 15-Dec-01 1-Dec-02 1-Dec-02 15-Lun-03 1-Lun-03 1-Lun-03 1-Lun-03 1-Lun-03	15-Dec-00 15-Dec-01 15-Dec-01	1-Jul-93 15-Nov-93 15-Nov-93 1-Dec-96 1-Dec-96 15-Dec-98 15-Dec-91 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Dec-96 15-Jun-03
ARTICLE	ART 20-1, 1994 ART 20-2, 1994 ART 19, 1999 ART 9, 2000 ART 9, 2000 VARIOUS VARIOUS VARIOUS ART 20-1, 1994 ART 20-1, 1994 ART 20-2, 1994	ART 16, 1999 ART 40, 2001 ART 16, 1999	ART 53, 1992 ART 14, 1987 ART 14, 1987 ART 32, 1995 ART 24, 1996 ART 24, 1996 ART 30, 2000 ART 32, 1998 ART 46, 1996 ART 31, 1996 ART 31, 1995 ART 46, 1995 ART 31, 1995 ART 31, 1995 ART 31, 1995 ART 31, 1995 ART 32, 2002
ISSUE EXEMPT DEBT	SCHOOL SCHOOL BONDS EXEMPT SCHOOL BONDS EXEMPT SCHOOL BONDS EXEMPT SCHOOL BONDS SEWMPT SCHOOL BONDS SEWMPT ADV REF 94/95 LOANS ADV REF 94/95 LOANS ADV REFUNDING SCHOOL BONDS SCHOOL TECHNOLOGY TOTAL SCHOOL EXEMPT	PUBLIC SAFETY CENTER PUBLIC SAFETY CENTER PUBLIC SAFETY CENTER PUBLIC SAFETY CENTER TOTAL PUBLIC SAFETY CENTER TOTAL EXEMPT	COPUBLIC SERVICE ENTERPRISES  WATER DEBT BANCROFT PUMPING ST ADVANCE REFUNDING ADVANCE REFUNDING ADVANCE REFUNDING ADVANCE REFUNDING WATER PIST IMPROVEMENT WATER DIST IMPROVEMENT WATER DIST IMPROVEMENT WATER DIST IMPROVEMENT WATER DIST IMPROVEMENT WATER MAINS FISH BROOK MAIN ST WATER DIST ADV REF 94/95 LOANS ADV REF 94/95 LOANS ADV REF 94/95 LOANS ADV REF 94/95 LOANS WATER MAINS PUMPING STATION WATER MAINS PUMPING STATION WATER MAINS PUMPING STATION WATER MAINS WATER REATMENT PLANT WATER TREATMENT PLANT

# TOWN OF ANDOVER DEBT SCHEDULE-PRINCIPAL JUNE 30, 2003 (POST 12/15/03 ISSUE)

12/15/2003	920,000.00 269,000.00 90,000.00 290,000.00	260,000.00 350,000.00 60,000.00	90,000.00	80,000.00	195,000.00 4,750,000.00	3,230,000.00	1,000,000.00	3,000,000.00	22,264,000 00 32,647,775.93	240,000.00 90,000.00 1,050,000.00 730,000.00 575,000.00 935,000.00 1,500,000 1,500,000 250,000.00 250,000.00 60,000.00 175,000.00	1,031,000,00
2024								205,000,00	1 1 1	0.00	<u>;</u>
2019 - 2023					1,000,000.00	680,000.00	250,000.00	975,000,00	4,655,000.00 5,385,000.00	62,000.00 100,000.00 162,000.00	3
2014 - 2018					1,250,000.00	850,000.00 1,000,000.00	250,000.00	775,000,000	4,875,000.00 5,625,000.00	310,000.00 500,000.00 810,000.00	3
2009 - 2013	45,000.00	135,000.00	45,000.00	1	70,000.00	1,000,000,00	250,000.00	765,000,00	5,215,000.00 8,328,163.45	40,000.00 590,000.00 135,000.00 225,000.00 310,000.00 500,000.00 2,000,000.00 10,000.00	20,000,00
2008	44,000.00 10,000.00 55,000.00	50,000.00	10,000.00	;	35,000.00	170,000.00	50,000.00	150,000,00	1,174,000.00 2,207,713.22	10,000.00 135,000.00 135,000.00 80,000.00 62,000.00 100,000.00 10,000.00 10,000.00 20,000.00	20,000,00
2007	230,000.00 45,000.00 20,000.00 55,000.00	50,000.00	10,000.00		35,000.00 250,000.00	170,000.00	50,000.00	150,000.00	1 1 1	10,000.00 90,000.00 135,000.00 70,000.00 62,000.00 100,000.00 547,000.00 50,000.00 10,000.00 10,000.00	<b>4</b> 00,000.00
2006	230,000.00 45,000.00 20,000.00 55,000.00	50,000.00	10,000.00		35,000.00 250,000.00	170,000.00	50,000.00	150,000.00	1,410,000.00 2,578,269.68	10,000.00 135,000.00 135,000.00 70,000.00 70,000.00 64,500.00 64,500.00 50,000.00 10,000.00 10,000.00 25,000.00 25,000.00 110,000.00 25,000.00 25,000.00 25,000.00	400,000,00
2005	230,000.00 45,000.00 20,000.00 55,000.00	50,000.00	10,000.00	40,000.00	10,000.00 250,000.00	170,000.00 200,000.00	50,000.00	135,000.00	1 1 1	10,000.00 140,000.00 140,000.00 170,000.00	040,000.00
2004	230,000.00 45,000.00 20,000.00 15,000.00	260,000.00 15,000.00 60,000.00	5,000.00	40,000.00	10,000.00 250,000.00	170,000.00	50,000.00		1,560,000.00 2,606,579.00	240,000.00 10,000.00 90,000.00 80,000.00 60,000.00 530,000.00 50,000.00 10,000.00 25,000.00 110,000.00 25,000.00 110,000.00 50,000.00 50,000.00 50,000.00	250,000,000
LOAN	15-Nov-93 15-Nov-93 15-Nov-97 15-Dec-98	15-Dec-98 15-Dec-98 15-Dec-98	15-Dec-98 15-Nov-99	15-Nov-99 15-Nov-99	15-Nov-99 15-Dec-01	15-Dec-01 1-Dec-02	1-Dec-02	15-Dec-03		1-Jul-93 1-Dec-96 1-Nov-97 15-Dec-98 15-Dec-98 15-Dec-03 15-Dec-96 15-Dec-06 15-Dec-00 15-Dec-00 15-Dec-00 15-Dec-00 15-Dec-00 15-Dec-01	
ARTICLE	A21,84/26,85 ART 28, 1989 ART 32, 1997 ART 35, 1997	ART 31, 1998 ART 33, 1998 ART 34, 1998	3,7		ARI 43, 1999 ART 41, 1999	ART 13, 2000 ART 41, 1999	ART 42, 1999	ART 41, 1999 ART 42, 1999		ART 1A, 1992 ART 24, 1996 ART 23, 1996 ART 28, 1998 ART 70, 1998 ART 26, 1996 ART 26, 1996 ART 30, 1997 ART 54, 1999 ART 54, 1999 ART 54, 1999 ART 54, 1994	
ISSUE SEWER DERT	ADVANCE REFUNDING ADVANCE REFUNDING SEWER PILGRIM/PIONEER SEWER MAYFLOWER	SEWER PLANS SEWER BROOK/CHESTNUT PLANS - ROGERS BROOK	SEWER BALMORAL SEWER PLANS SO MAIN ST	SEWER PLANS ROGERS BROOK SEWER PLANS FOREST HILLS	SEWER CONSTREACON ST SEWER SOUTH MAIN ST	SEWER FOREST HILLS SEWER SOUTH MAIN ST	SEWER ROGERS BROOK	SEWER SOUTH MAIN ST SEWER ROGERS BROOK	TOTAL SEWER TOTAL PUBLIC SERVICE ENTERPRISES	L'GENERAL FUND NON-EXEMPT  SCHOOL DEBT  SCHOOL RENOVATIONS H/S RENOVATION H/S RENOVATION H/S RENOVATION SCHOOL RENOVATIONS TRACK/WINDOWS SCHOOL BUILDINGS WEST EL - ASBESTOS TOTAL SCHOOL STREET ROAD IMPROVEMENTS ROAD IMPROVEMENTS ROAD IMPROVEMENTS HUSSEY BROOK/RIVER ST SIDEWALK CHESTNUT ST ROAD BONDS LINCOLN CR SIDEWALK CHESTNUT ST ROAD BONDS LINCOLN CR SIDEWALKS ROAD REPAIR BONDS BRIDGE REPAIR BRIDGE REPAIR	

# TOWN OF ANDOVER DEBT SCHEDULE-PRINCIPAL JUNE 30, 2003 (POST 12/15/03 ISSUE)

ISSUE MINICIPAL FACH TIES	ARTICLE	LOAN	2004	2005	2006	2007	2008	2009 - 2013	2014 - 2018	2019 - 2023	2024	12/15/2003
MONOR OF TACILITIES MHL-HVAC SENIOR CENTER PUBLIC SAFETY CENTER	ART 45, 1996 ART 24, 1997 ART 56, 1997	1-Dec-96 15-Dec-98 15-Dec-98	15,000.00	15,000.00	15,000.00	15,000.00	20,000.00	80,000.00				160,000.00
PEARSON ST ACQ	ART 58, 1998	15-Dec-98	40,000.00	20,000.00	20,000.00	20,000.00	10,000.00	10,000.00				120,000.00
BUILDING RENOVATION	ART 45, 1999	15-Nov-99	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	200,000.00				700,000.00
SENIOR CENTER	ART 24, 2000	15-Dec-00	20,000.00	20,000.00	20,000.00	50,000.00	50,000.00	150,000.00				310,000.00
DPW BUILDINGS	ART 26, 2000 ART 39, 2001	15-Dec-01	30,000.00	30,000,00	30,000,00	30,000.00	30,000.00	320,000.00				700,000.00
PUBLIC BUILDINGS	ART 28-1, 2002	15-Dec-03	00000	10,500.00	10,500.00	8,000.00	8,000.00	40,000.00	40,000.00	8,000.00		125,000.00
BRIDGES/BUILDINGS TOTAL MUNICIPAL FACILITIES	ART 32, 2001	15-Dec-03	380,000.00	82,000.00 437,500.00	80,000.00	80,000.00 463,000.00	80,000.00 463,000.00	385,000.00	375,000.00 415,000.00	75,000.00 83,000.00	0.00	1,157,000.00 4,067,000.00
PUBLIC SAFETY												
FIRE TRUCK PUBLIC SAFETY FACILITY	ART 55, 1997 ART 16, 1999	15-Dec-98	40,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00				440,000.00
- ADV REF 94/95	, , , , ,	1-Nov-03	2,933.00	2,056.10	2,098.65	21,718.13	21,179.41	59,937.74				109,923.03
OOFIRE TRUCK ✓-TOTAL PUBLIC SAFETY	ART 37, 1995	15-Jun-03	25,000.00	307,056,10	307.098.65	301,718,13	301,179,41	539.937.74	00.0	0.00	0.00	75,000.00 2.024,923.03
INCITION ICCO GIVE					•	•	=					
ADVANCE REFUNDING	A21,87/26,88	15-Nov-93	56,000.00	56,000.00	56,000.00							168,000.00
LAND ACQUISITION	ART 62,1993	15-Dec-98	25,000.00	65,000.00	60,000.00	60,000.00	60,000.00	60,000.00				330,000.00
LAND ACCOUSTION	ART 9A, 1996 ART 9A, 1996	15-Dec-98	80,000,00	120,000,00	120,000,00	120,000,00	120,000,000	620,000,000				1.180.000.00
LAND ACQUISITION	ART 19, 2001	15-Dec-01	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	60,000.00				135,000.00
LAND ACQUISITION ACQUIRE PEARSON ST	ART 62, 1993 ART 54 1994	1-Nov-94	39,000.00	39,000.00								78,000.00
LAND ACQUISITION	ART 62, 1993	15-Jun-03	20,000.00	20,000.00	20,000.00							60,000,00
TOTAL LAND ACQUISITION		I	348,000.00	448,000.00	381,000.00	305,000.00	305,000.00	850,000.00	00.0	00.0	0.00	2,637,000.00
LIBRARY LEASE/LEASEBACK		15-Dec-89	270,000.00	290,000.00								560,000.00
			270,000.00	290,000.00	0.00	0.00	0.00	0.00	0.00	00:0	0.00	260,000.00
SHAWSHEEN FIELD IMPROVEMENT ART 47, 1996	IT ART 47, 1996	1-Dec-96	15,000.00	10,000.00	10,000.00	10,000.00	10,000.00	40,000.00				95,000.00
REC PARK IMPROVE	ART 25, 1995	15-Nov-97	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	10,000.00				
	!	l	_	- 1	30,000.00	30,000.00	30,000.00	50,000.00	0.00	0.00	00.00	·
IOTAL GENERAL FUND NON-EXEMPT GRAND TOTAL	/PT	-	2,356,933.00	2,583,056.10	2,168,098.65 7 965,000,00	7 770 000 00	7 205 000 00	4 899,937.74	1,225,000.00	245,000.00	00.0	17,100,923.03
!		´II	Щ	El .	00.000,000,	00.000,011,1	11	29, 110,000,00		0,010,000.00	200,000,000	11

# TOWN OF ANDOVER DEBT SCHEDULE-INTEREST JUNE 30, 2003 (POST 12/15/03 ISSUE)

12/15/2003	3,176,618.75 251,443.75 924,205.00 1,143,262.50 2,939,737.50 2,086,922.94 405,508.50 51,796.34 207,492.13 12,327.03	2,390,550.00 90,875.00 2,019,840.72 4,501,265.72 15,700,578.16	460.00 255.123.50 41,250.00 54,955.00 24,000.00 10,200.00 283,395.00 24,016.25 48,122.50 38,400.00 151,356.25 37,789.17 10,862.71 10,862
2024	000	00.00	1,012.50 2,250.00 3,262.50
2019 - 2023	13,000.00 33,000.00 205,537.50	67,500.00 4,825.00 95,900.00 168,225.00 419,762.50	34,583.75 76,625.00 111,208.75
2014 - 2018	266,906.25 20,531.25 146,185.00 199,812.50 580,431.25 133,180.00	412,350.00 16,825.00 380,337.50 809,512.50 2,156,558.75	83,268.68 177,412.50 260,681.18
2009 - 2013	1,061,810.00 266,906.25 82,900.00 20,531.25 305,630.00 146,185.00 374,475.00 199,812.50 924,393.75 580,431.25 767,030.65 133,180.00 98,327.41 337,046.25	780,300.00 27,856.25 648,153.17 1,456,309.42 5,070,876.23	20,575.00 1,550.00 73,095.00 2,037.50 4,073.05 3,260.00 3,260.00 3,260.00 3,631.25 3,583.31 776.80 14,970.62 4,385.15 127,281.22 285,437.50 551,858.35
2008	301,412.50 23,882.50 79,560.00 95,075.00 224,875.00 219,162.67 48,579.88	198,600.00 7,137.50 160,531.26 366,268.76 1,358,796.31	26,589.00 4,668.00 2,512.50 5,025.00 4,020.00 17,287.50 4,252.36 1,142.76 10,170.88 2,978.98 2,978.98 2,978.98
2007	333,597.50 26,537.50 85,540.00 101,875.00 235,375.00 238,669.56 57,255.31	212,400.00 7,775.00 170,943.76 391,118.76	36,972.00 2,640.00 7,772.00 1,500.00 600.00 36,840.00 3,475.00 6,950.00 5,560.00 21,112.50 5,917.86 1,701.83 12,734.39 3,729.61 31,825.00 65,825.00
5006	369,147.50 333,597.50 29,537.50 26,537.50 91,820.00 85,540.00 107,475.00 101,875.00 245,875.00 235,375.00 250,177.25 238,669.56 66,205.18 57,255.31 25,438.95 1,500.00	226,350.00 8,300.00 179,518.76 414,168.76 1,601,345.14	46,874,50 7,865,00 10,788,50 4,500,00 1,800,00 42,150,00 4,425,00 8,425,00 7,080,00 7,080,00 7,639,55 2,280,27 14,171,77 4,146,36 1,609,00 32,987,50 68,150,00 32,987,50 68,150,00
2005	404,397.50 32,537.50 98,085.00 113,075.00 256,375.00 253,437.14 71,392.12 13,197.44 70,212.57 4,172.15	239,775.00 8,825.00 188,093.76 436,693.76	56,918.00 12,925.00 13,686.50 7,500.00 3,150.00 47,370.00 5,368.75 10,737.50 8,590.00 27,412.50 8,624.40 2,608.49 14,497.44 4,247.44 4,497.50 1,169.83 4,480.72 338,444.35
2004	439,347.50 35,537.50 104,385.00 118,475.00 225,265.67 63,746.60 38,598.90 111,840.61 64,746.60	253.275.00 9,331.25 196,362.51 458,968.76 1,869,695.42	460.00 67,195.00 17,820.00 16,490.00 10,500.00 4,650.00 52,470.00 6,197.50 12,485.00 30,450.00 7,771.69 7,771.69 7,771.69 1,795.11 5,621.85 785.88 17,963.95 7,158.68 17,618.75 36,445.00
LOAN DATE	1-Dec-96 1-Dec-96 15-Dec-00 15-Dec-01 1-Dec-02 15-Jun-03 15-Jun-03 15-Jun-03 15-Nov-95	15-Dec-00 15-Dec-01 15-Dec-01	1-Jul-93 15-Nov-93 15-Nov-93 1-Dec-96 1-Dec-96 1-Dec-96 15-Dec-98 15-Dec-98 15-Dec-98 15-Jun-03 15-Jun-03 15-Jun-03 15-Jun-03 15-Nov-95 15-Nov-95 15-Nov-95 15-Nov-95 15-Nov-95
ARTICLE	ART 20-1, 1994 ART 20-2, 1994 ART 19, 1999 ART 9, 2000 ART 9, 2000 VARIOUS VARIOUS ART 20-1, 1994 ART 20-1, 1994 ART 20-2, 1994	ART 16, 1999 ART 40, 2001 ART 16, 1999	ART 53, 1992 ART 14, 1987 ART 14, 1987 ART 32, 1995 ART 24, 1996 ART 24, 1996 ART 24, 1996 ART 30, 2000 ART 32, 1997 ART 46, 1993 ART 46, 1993 ART 46, 1993 ART 31, 1995 ART 41, 1995 ART 72, 2002 ART 72, 2003
ISSUE	SCHOOL BONDS EXEMPT SCHOOL BONDS EXEMPT SCHOOL BONDS EXEMPT SCHOOL BONDS Sewer Portion SCHOOL BONDS EXEMPT ADV REF 94/95 LOANS ADV REF 94/95 LOANS ADV REFUNDING SCHOOL BONDS SCHOOL TECHNOLOGY	PUBLIC SAFETY CENTER PUBLIC SAFETY CENTER PUBLIC SAFETY CENTER PUBLIC SAFETY CENTER TOTAL PUBLIC SAFETY CENTER TOTAL EXEMPT	PUBLIC SERVICE ENTERPRISES  -WATER DEBT  BANCROFT PUMPING ST  ADVANCE REFUNDING  ADVANCE REFUNDING  ADVANCE REFUNDING  WATER PIST IMPROVEMENT  WATER DIST IMPROVEMENT  WATER DIST IMPROVEMENT  WATER DIST IMPROVEMENT  WATER BOST IMPROVEMENT  WATER BOST IMPROVEMENT  WATER MAINS  FISH BROOK  MAIN ST WATER DIST  ADV REF 94/95 LOANS  ADV REF 94/95 LOANS  ADV REF 94/95 LOANS  ADV REF 94/95 LOANS  WATER MAINS  PUMPING STATION  WATER MAINS  WATER TREATMENT PLANT  WATER SYSTEM  TOTAL WATER

# TOWN OF ANDOVER DEBT SCHEDULE-INTEREST JUNE 30, 2003 (POST 12/15/03 ISSUE)

12/15/2003	86,250.00 38,952.00 9,050.00 37,656.25 4,680.00 56,910.00 11,812.50 3,375.00 4,218.75 37,003.18 2,065,781.25 1,404,731.25	11,040.00 20,712.50 249,812.50 249,812.50 249,812.50 91,240.00 269,289.50 433,975.00 1,256,274.50 6,150.00 27,687.50 6,150.00 21,250.00 29,437.50 6,150.00 21,250.00
2024	3,375.00 4,612.50 7,987.50	- I
2019 - 2023	98,750.00 67,150.00 117,450.00 29,342.50 114,937.50 156,056.25	1,271.00 2,050.00 3,321.00
2014 - 2018	389,375.00 264,775.00 331,675.00 82,918.75 266,118.75 329,364.41	42,570.75 68,662.50 111,233.25
2009 - 2013	1,125.00 1,100.00 6,227.50 2,352.50 3,303.13 662,656.25 450,606.25 528,255.00 132,056.25 398,156.25 465,503.14 465,503.14	3,972.50 57,850.00 2,700.00 8,980.00 10,517.50 97,146.25 156,687.50 200.00 4,385.00
2008	3,328.00 225.00 3,272.50 6,460.00 2,030.00 111,562.50 114,662.50 128,500.00 32,125.00 94,500.00 108,125.00	2,200.00 30,270.00 8,032.50 9,680.00 10,705.00 41,250.00 1,177.712.50 5,95.00 5,050.00
2007	5,520.00 5,486.00 865.00 5,390.00 8,385.00 2,415.00 174,687.50 118,787.50 13,625.00 98,737.50 112,362.50 98,737.50	2,735.00 34,522.50 13,230.00 12,760.00 13,595.00 27,326.50 44,075.00 1,500.00 3,362.50 980.00 1,750.00 11,750.00
2006	16,445.00 7,623.50 1,780.00 7,480.00 10,285.00 2,795.00 2,795.00 144,737.50 140,500.00 35,125.00 115,775.00 115,775.00	3,335,00 38,505,00 18,360,00 16,255,00 28,805,50 46,400,00 157,460,50 705,00 705,00 71,360,00 705,00 71,360,00 71,36
2005	27,025.00 9,693.50 2,650.00 9,556.25 12,172.50 3,172.50 2,975.00 860.00 8,183.76 11,062.50 8,183.76 146,500.00 36,625.00 106,725.00 119,975.00	3,935.00 42,420.00 23,550.00 18,632.50 18,897.50 30,740.50 49,400.00 17,500.00 7,500.00 7,500.00 7,500.00 1,737.50 2,047.50 1,706.25 4,095.00 6,416.25 9,275.00 152.15 68.83 605.96 605.96 605.96
2004	37,260.00 11,696.00 3,500.00 10,857.50 4,680.00 13,380.00 1,080.00 3,450.00 3,156.25 8,602.51 122,500.00 152,500.00 3,156.25 8,602.51 152,500.00 152,500.00 152,500.00 152,500.00 152,500.00 152,500.00 152,500.00 152,500.00 152,500.00 152,500.00	
LOAN	15-Nov-93 15-Nov-93 15-Nov-93 15-Dec-98 15-Dec-98 15-Dec-98 15-Dec-99 15-Nov-99 15-Nov-99 15-Nov-99 15-Nov-99 15-Nov-99 15-Dec-01 15-Dec-01 15-Dec-03	1-Jul-93 1-Dec-96 1-Nov-97 15-Dec-98 15-Dec-98 15-Dec-98 15-Dec-96 15-Dec-96 15-Dec-96 15-Dec-90 15-Dec-00
ARTICLE	A21,84/26,85 ART 28, 1989 ART 32, 1997 ART 31, 1998 ART 31, 1998 ART 34, 1998 ART 34, 1998 ART 34, 1999 ART 41, 1999 ART 41, 1999 ART 41, 1999 ART 41, 1999 ART 41, 1999 ART 42, 1999	ART 1A, 1992 ART 24, 1996 ART 23, 1996 ART 29, 1998 ART 28-2 2002 ART 12, 2002 ART 59, 1996 ART 59, 1996 ART 66, 1996 ART 67, 2000 ART 54, 2001 ART 54, 1994 ART 54, 1994 ART 54, 1994 ART 54, 1994 ART 54, 1995 ART 54, 1995
ISSUE	SEWER DEBT ADVANCE REFUNDING ADVANCE REFUNDING SEWER PILGRIM/PIONEER SEWER PILGRIM/PIONEER SEWER PLANS SEWER BROOKCHESTNUT ART PLANS. ROGERS BROOK ART SEWER BALMORAL SEWER PLANS SO MAIN ST SEWER PLANS SO MAIN ST SEWER PLANS FOREST HILLS SEWER CONST BEACON ST SEWER CONST BEACON ST SEWER SOUTH MAIN ST SEWER ROGERS BROOK ART SEWER ROGERS BROOK ART SEWER ROGERS BROOK ART SEWER ROGERS BROOK ART TOTAL SEWER	CSENERAL FUND NON-EXEMPT CSCHOOL DEBT SCHOOL RENOVATION HIS RENOVATION HIS RENOVATION HIS RENOVATION SCHOOL RENOVATION SCHOOL RENOVATION SCHOOL BUILDINGS WEST EL - ASBESTOS TRACK/WINDOWS SCHOOL BUILDINGS WEST EL - ASBESTOS TOTAL SCHOOL STREET ROAD IMPROVEMENTS ROAD BONDS LINCOLN CR SIDEWALK CHESTNUT ST ROAD BONDS LINCOLN CR SIDEWALK FEPAIR BRIDGE REPAIR BRIDGE REPAIR BRIDGE REPAIR

# TOWN OF ANDOVER DEBT SCHEDULE-INTEREST JUNE 30, 2003 (POST 12/15/03 ISSUE)

12/15/2003	39,025.00	10,360.00	45,353.75	69,337,50	130,206.25	49,350.00	328,943.00 328,688.80	833,239.30		55,100.00	13 277 43	1,054.05	292,931.48		11,592.00	41,516.25	716,260,00	24,675.00	770.40	454.34	2,830.41	374,490.90	43,890.00	43,890.00	20.862.50	13,605.00	34,467.50	2,984,962.41	29,607,395.91
2024								0.00					0.00									0.00		00.0			00:00	ΙI	11,250.00
2019 - 2023						404	1.537.50	1,701.50					0.00									00'00		00'0			00.00	5,022.50	1,119,700.00
2014 - 2018						70000	51,496,91	56,989.91					0.00									0.00		0.00			00.00	1	4,249,690.00
2009 - 2013	7,945.00 400.00	200.00	1,300.00	10,962.50	26,300.00	9,862.50	117,815,64	196,758.14		1,600.00	2,506.08	200	22,981.08			7,200.00	33 150 00	4,931.25				41,481.25		00:0	3,972.50	230.00	4,202.50		8,881,907.57
2008	4,400.00 1,190.00	595.00	3,867.50	8,325.00	15,000.00	5,625.00	31,337.50	85,265.00		4,760.00	1 702 47		29,712.47			3,570.00	27 640 00	2,812.50				40,567.50		00:0	2,200.00	910.00	3,110.00	291,417.47	2,512,002.52
2007	5,320.00	1,170.00	6,370.00	10,625.00	18,312.50	6,900.00	33,597.50	103,906.00		7,840.00	2 131 44	· ·	42,221.44			5,880.00	32,260,00	3,450.00				52,370.00		00.0	2,735.00	1,805.00	4,540.00	ŀ	7,184,082.52
2006	6,220.00 2,720.00	1,930.00	8,840.00	12,245.00	20,937.50	7,950.00	35,457.50	120,624.50		10,880.00	2.369.61	77.12	54,476.73		1,316.00	8,160.00	36.820.00	3,975.00			323.39	65,554.39		0.00	3,335.00	2,690.00	6,025.00	. 1	3,086,037.01
2005	7,120.00	2,685.00	11,293.75 24,900.00	13,140.00	23,562.50	9,000.00	37,887.50	137,128.25	:	13,900.00	2,411.16	302.98	66,414.14		3,892.00	10,518.75	41,350,00	4,500.00	141.28	83.32	935.86	80,533.71	11,165.00	11,165.00	3,935.00	3,560.00	7,495.00	- 1	3,434,782.54
2004	8,020.00 4,030.00 450.00	3,780.00	13,682.50	14,040.00	26,093.75	10,012.50	19,558.75	130,866.00		16,120.00	2,156.67	673.95	77,125.62		6,384.00	72,187.50	45 040 00	5,006.25	629.12	371.02	1,5/1.16	93,984.05	32,725.00	32,725.00	4,685.00	4,410.00	9,095.00	577,132.02	S
LOAN DATE	1-Dec-96 15-Dec-98 15-Dec-98	15-Dec-98	15-Dec-98 15-Nov-99	15-Dec-00	15-Dec-01	15-Dec-01	15-Dec-03	i		15-Dec-98	1-Nov-03	15-Jun-03	•		15-Nov-93	15-Dec-98	15-Dec-98	15-Dec-01	1-Nov-94	1-Nov-94	15-Jun-03		15-Dec-89		1-Dec-96	15-Nov-97		ı	I
ARTICLE	ART 45, 1996 ART 24, 1997 ART 56, 1997	ART 58, 1998	ART 35, 1998 ART 45, 1999	ART 24, 2000	ART 26, 2000	ART 39, 2001	ART 32, 2001			ART 55, 1997 ART 16, 1999	200	ART 37, 1995			A21,87/26,88	ARI 62,1993	ART 94 1996	ART 19, 2001	ART 62, 1993	ART 54, 1994	AKI 62, 1993				T ART 47, 1996	ART 25, 1995		РТ	
ISSUE MUNICIPAL FACILITIES	MHL-HVAC SENIOR CENTER PURI IC SAFETY CENTER	PEARSON ST ACC	FOWN BUILDING RENOVATION BILL DING RENOVATION	SENIOR CENTER	TOWN/SCHOOL BLDG PROJECTS	DPW BUILDINGS	POBLIC BUILDINGS BRIDGES/BUILDINGS	TOTAL MUNICIPAL FACILITIES	PUBLIC SAFETY EQUIPMENT	FIRE TRUCK	TADV REF 94/95	OFIRE TRUCK	1 TOTAL PUBLIC SAFETY	LAND ACQUISITION	ADVANCE REFUNDING	LAND ACQUISITION	LAND ACCUBITION	LAND ACQUISITION	LAND ACQUISITION	ACQUIRE PEARSON ST	LAND ACCOUNT ION	TOTAL LAND ACQUISITION	LIBRARY LEASE/LEASEBACK		SPECIAL LEGISLATION SHAWSHEEN FIELD IMPROVEMENT ART 47, 1996	REC PARK IMPROVE		TOTAL GENERAL FUND NON-EXEMPT	GRAND TOTAL

#### Town of Andover Analysis of Bonds Authorized and Outstanding June 30, 2003 (Post 12/15/03 issue)

ARTICLE	PROJECT NAME	AUTHORIZATION 06/30/03	DECREASES (1) A	UTHORIZATION 12/31/03
ART 18, 1985	SEWER SYSTEM IMPROVEMENTS	1,160,000.00		1,160,000.00
ART 26, 1995	FIELD IMPROVEMENTS	384,000.00		384,000.00
ART 47, 1996	SHAWSHEEN FIELD IMPROVEMENTS	4,000.00		4,000.00
ART 16, 1999	PUBLIC SAFETY CENTER (EXEMPTED)	552.00		552.00
ART 41, 1999	SEWER CONSTRUCTION - SO MAIN ST	13,500,000.00	3,000,000.00	10,500,000.00
ART 44, 1999	LANDFILL CLOSURE	2,200,000.00		2,200,000.00
ART 74, 1999	MAIN STREET STREETSCAPE	304,000.00		304,000.00
ART 9, 2000	MIDDLE/ELEMENTARY SCHOOL (EXEMPTED)	21,938,000.00		21,938,000.00
ART 32, 2000	LAND ACQ - CONSERVATION	1,500,000.00		1,500,000.00
ART 12, 2001	LAND ACQUISITION LOWELL JCT RD	2,000,000.00		2,000,000.00
ART 10, 2002	PUBLIC SAFETY CENTER (ADD'L FUNDING)	830,000.00		830,000.00
ART 11, 2002	NEW SCHOOL ADDITIONAL FUNDING	350,000.00		350,000.00
ART 12, 2002	WEST ELEMENTARY ASBESTOS REMOVAL	1,800,000.00	1,500,000.00	300,000.00
ART 23, 2002	CONSERVATION FUND	1,500,000.00		1,500,000.00
ART 43, 2002	WATER MAINS	500,000.00		500,000.00
ART 48, 2002	MAIN STREET IMPROVEMENTS	269,500.00		269,500.00
ART 20, 2003	WATER TREATMENT PLANT IMPROVEMENTS	4,480,000.00	2,008,000.00	2,472,000.00
ART 25, 2003	RED SPRING ROAD RETAINING WALL	400,000.00		400,000.00
	(4) 1	59,612,052.00	13,000,000.00	46,612,052.00
	(1) Issue dated 12/15/03			



# Andover (Town of) MA

#### **Contacts**

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 212-553-4366

 Yaffa Rattner
 212-553-4429

#### **Moody's Rating**

Issue Rating

General Obligation Bonds, Series 2003 Aaa

Sale Amount \$13,000,000 Expected Sale Date 12/02/03

Rating Description General Obligation

#### Moody's Outlook No Outlook

MOODY'S ASSIGNS Aaa RATING TO TOWN OF ANDOVER'S (MA) \$13 MILLION GENERAL OBLIGATION BONDS

Aaa AFFIRMATION AFFECTS \$97.5 MILLION IN PARITY DEBT, INCLUDING CURRENT ISSUE

#### **Opinion**

Moody's Investors Service has assigned a rating of Aaa to Andover's (MA) \$13 million General Obligation Bonds. Concurrently, Moody's has affirmed the town's outstanding Aaa rating affecting \$97.5 million in parity debt, including the current bond issue. The current issue is secured by a general obligation, limited tax pledge, as debt service falls within the levy limits of Proposition 2 ½. Proceeds will retire approximately \$6 million in outstanding notes, and provide new financing for sewer, water, and other capital improvements. Assignment of Moody's highest quality rating reflects the town's consistently strong financial performance, substantial and diverse tax base with future growth opportunities, and a manageable debt position benefiting from self-supporting enterprises and school construction aid.

WELL-MANAGED FISCAL OPERATIONS AND ANTICIPATED REVENUE GROWTH PROVIDE AMPLE FINANCIAL FLEXIBILITY

Moody's anticipates the town will continue to benefit from strong operating flexibility given sustained albeit moderating revenue growth resulting from ongoing development and strong property tax collections. Results from the fiscal 2003 draft audit indicate slight

growth in General Fund balance to \$13.8 million (11.6% of revenues) from \$13.46 million (14.0% of revenues) in fiscal 2002. This growth reflects strong tax title collections, a 5% departmental spending reduction, and bond premiums, all offsetting a \$500,000 reduction in state aid. Additionally, the town used approximately \$600,000 of the Stabilization Fund, reducing the balance to \$436,000 (0.4% of revenues). An expected \$1.6 million reduction in state aid in fiscal 2004 will be offset by significant staff reductions, and an additional use of \$500,000 in free cash. Despite the increased appropriation of reserves, management expects to fully replenish the General Fund balance in fiscal 2004 given unbudgeted revenues - an important factor in today's rating affirmation. There are also no further plans to utilize the Stabilization Fund. At 63.3% of revenues, local property taxes are the largest source of operating funds, and current-year tax collections remain well above 99% annually.

# VIBRANT LOCAL ECONOMY CHARACTERIZED BY SIZABLE AND DIVERSE TAX BASE EXPANSION

Moody's expects continued expansion in Andover's sizable \$5.6 billion tax base given its favorable location, diverse high-end employment base, and availability of developable land. The town has seen high growth rates, averaging 9.7% annually since 1999, reflecting continued expansion of commercial and industrial properties, and sustained value appreciation captured in last year's revaluation. While growth is expected to slow from past years given more modest new construction growth in fiscal 2003, management continues to see development plans spanning across all sectors. Benefiting from its location at the crossroads of Route 495 and I-93, the town has a number of large industrial parks and corporate campuses, including Raytheon (rated Baa3), Genetic Institute, and Gillette (rated Aa3). Future development includes the expansion of Eisai Laboratories' U.S. headquarters located within the community, and the continued development of the Boston Properties' site, adding over 100,000 square feet to the existing facility. Residential development is expected to continue with the construction of apartment and condominium units, which management expects will have minimal infrastructure costs for the town. Wealth indices in Andover remain well above average and the full value per capita is a very strong \$178,886.

#### MANAGEABLE DEBT POSITION WITH HIGH LEVEL OF SELF-SUPPORT

Despite future borrowing plans, Moody's expects the town's 1.7% overall debt burden to remain manageable given an above-average amortization schedule (63.1% in ten years), and a large proportion of debt supported by user fees. When state school building aid is included, the debt burden declines to a more modest 1.3% of full value. Long-term borrowing over the next five years includes another \$13 million for sewer system upgrades, which is expected to be supported entirely through user fees.

#### **KEY STATISTICS**

2000 population: 31,247

2002 Full value: \$5.6 billion

Full value per capita: \$178.886

MFI as % of state: 170.0%

PCI as % of state: 158.5%

Overall debt burden: 1.4%

Adjusted burden: 0.9%

Payout of principal (10 years): 63.1%

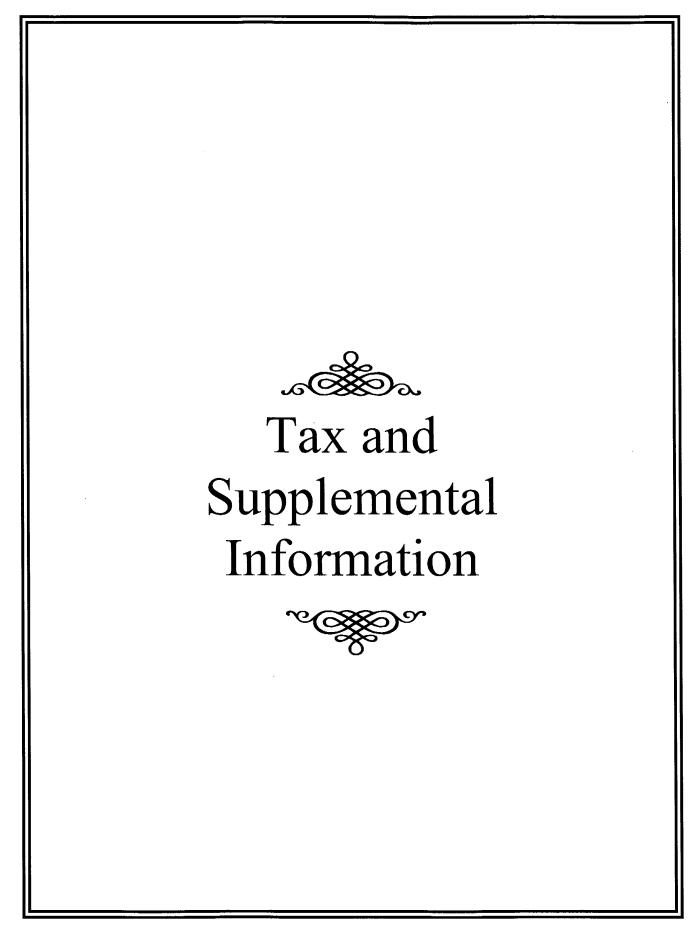
2003 General Fund balance (draft): \$13.81 million (11.6% of Current Fund revenues)

2003 Stabilization Fund: \$436,000 (0.4% of revenues)

Post-sale parity debt: \$83.1 million

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# SINGLE FAMILY ASSESSED VALUE & TAX BILL

FISCAL YEAR	TAX RATE	AVERAGE SINGLE FAMILY HOUSE	AVERAGE SINGLE FAMILY TAX BILL	DOLLAR <u>INCREASE</u>
FY2004	11.47	497,800	5,710	220
FY2003	11.63	472,000	5,489	504
FY2002	14.13	352,852	4,986	266
FY 2001	14.92	316,370	4,720	123
FY 2000	14.65	313,800	4,597	277
FY 1999	15.17	284,814	4,321	159
FY 1998	15.82	263,091	4,162	127
FY 1997	15.48	260,668	4,035	171
FY 1996	16.41	235,480	3,864	214
FY 1995	16.06	227,300	3,650	247
FY 1994	15.14	224,750	3,403	278
FY 1993	14.10	221,650	3,125	252
FY 1992	13.26	216,700	2,873	176
FY 1991	11.42	236,165	2,697	197
FY 1990	10.40	240,385	2,500	118

# **CALCULATION OF FY2004 PROPERTY TAX LEVY LIMIT**

FY2003 LEVY LIMIT \$72,287,345 Beginning amount for FY2004

PLUS 2 1/2% 1,807,184

GROWTH 1,157,885 Tax increase based on tax value of new construction as of 6/30/2003

FY2004 LEVY LIMIT \$75,252,414 FY2004 tax limit prior to funds raised for Prop 2 1/2 exempt debt

Plus

NET FY04 EXEMPT DEBT \$3,912,678 Additional taxes allowed for Proposition 2 1/2 exempt debt less state aid

Equals

FY2004 TOTAL TAX LIMIT \$79,165,092 Maximum property taxes allowable for Fiscal Year 2004

Less

FY2004 TAX LEVY \$79,164,340 Amount of property taxes for Fiscal Year 2004

Equals

FY2004 EXCESS TAX CAPACITY \$752 Amount of additional taxes that could be raised within Proposition 2 1/2 limit

## **CALCULATION OF FY2005 PROPERTY TAX LEVY LIMIT**

FY2004 LEVY LIMIT \$75,252,414 Beginning amount for FY2004

PLUS 2 1/2% 1,881,310

GROWTH  $\frac{1,200,000}{1}$  Tax increase based on est tax value of new construction as of  $\frac{6}{30}/2004$ 

FY2005 EST LEVY LIMIT \$78,333,724 FY2005 tax limit prior to funds raised for Prop 2 1/2 exempt debt

Plus

NET FY05 EXEMPT DEBT \$3,548,278 Additional taxes allowed for Proposition 2 1/2 exempt debt less state aid

**Equals** 

FY2005 EST TOTAL TAX LIMIT \$81,882,002 Maximum property taxes allowable for Fiscal Year 2005 (Estimated)

Less

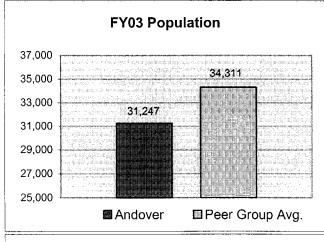
FY2004 TAX LEVY \$81,882,002 Amount of property taxes for Fiscal Year 2005 (Estimated)

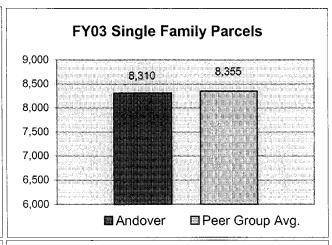
Equals

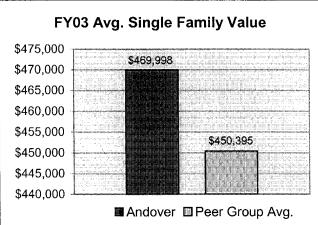
FY2004 EXCESS TAX CAPACITY \$0 Amount of additional taxes that could be raised within Proposition 2 1/2 limit

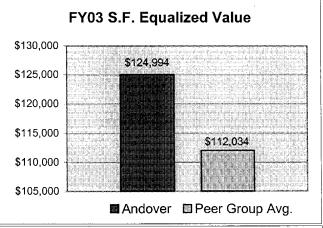
A state law "Proposition 2 1/2" limits the amount of property taxes available each year

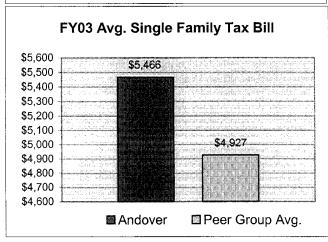
# **Comparative Residential Tax Information - FY03**

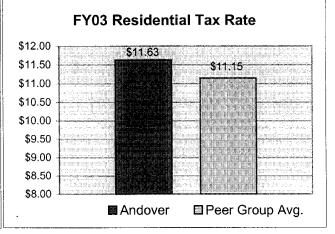












Data Source: DOR/DLS Database

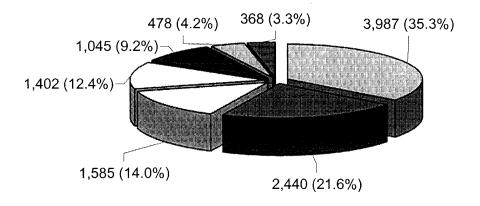
Note: The "Peer Group Avg." category represents the mean of the following 16 Andover statistically comparable communities as approved by the Board of Selectmen: Acton; Arlington; Belmont; Billerica; Braintree; Brookline; Burlington; Chelmsford; Lexington; Natick; Needham; Newton; No. Andover; Norwood; Wellesley; and Winchester.

# FUND BALANCES

FISCAL YEAR (as of)		WATER FUND \$4,330,300	SEWER FUND \$904,012	STABILIZATION <u>FUND *</u> \$435,772
June 30, 2003	\$4,413,574	\$4,339,209	\$994,912	\$433,172
June 30, 2002	3,340,240	3,714,489	814,025	1,156,108
June 30, 2001	3,767,004	3,463,714	1,221,279	880,105
June 30 ,2000	3,829,325	3,648,615	1,125,977	782,412
June 30,1999	3,652,583	1,693,570	639,164	1,790,548
June 30,1998	5,337,939	992,469	297,644	1,618,849
June 30,1997	4,272,761			1,468,244
June 30,1996	2,399,209			1,294,853
June 30,1995	3,493,524			1,198,638
June 30,1994	2,208,322			1,061,663
June 30,1993	2,158,766			975,433
June 30,1992	1,179,116			877,026
June 30,1991	278,413			770,883
June 30,1990	208,961			652,615

NOTE:Stabilization Fund was reduced by \$600,000 for use in the FY 2003 Budget.

# HOUSEHOLD CATEGORIES - 2000 ANDOVER, MA

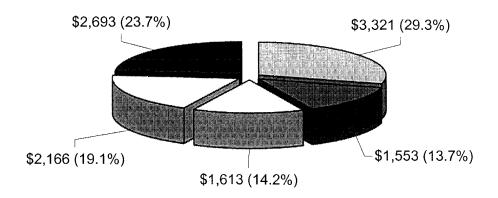


# Type of Household

Total Households (Reported)	11,305	100.0%
Other non-traditional households	368	3.3%
Single person households (with children under 18)	478	4.2%
Single person households (occupants over 64)	1,045	9.2%
Single person households (occupants under 65)	1,402	12.4%
Other married couple households (occupants over 64)	1,585	14.0%
Other married couple households (occupants under 65)	2,440	21.6%
Married couple households (with children under 18)	3,987	35.3%

Source: U.S. Census Bureau, Census 2000

# HOUSEHOLD INCOME LEVELS - 2000 ANDOVER, MA



#### **Household Income Levels**

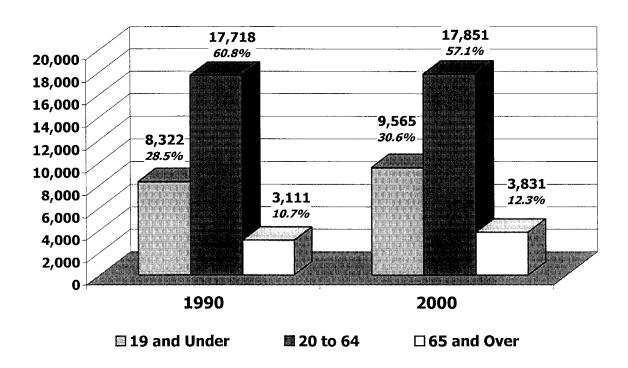
	Total Households (Reported)	11,346	100.0%
\$150,000 or More		2,693	23.7%
\$100,000 to \$149,000		2,166	19.1%
\$75,000 to \$99,999		1,613	14.2%
\$50,000 to \$74,999		1,553	13.7%
\$49,999 or Less		3,321	29.3%

Mean Household Income = \$87,683

Source: U.S. Census Bureau, Census 2000

# **ANDOVER GROWTH FACTORS**

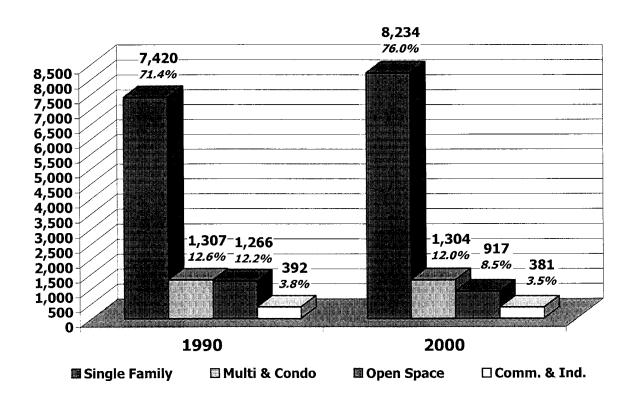
(Population)



<u>Age Group</u>	<u> 1990</u>	<u>% of Total</u>	<u>2000</u>	<u>% of Total</u>	<u> 10 Yr Diff #</u>	<u>10 Yr Diff %</u>
19 and Under	8,322	<i>28.5%</i>	9,565	30.6%	<i>1,243</i>	14.9%
20 to 64	17,718	60.8%	17,851	<i>57.1%</i>	133	0.8%
65 and Over	<u>3,111</u>	<u> 10.7%</u>	<u>3,831</u>	<u>12.3%</u>	<u>720</u>	<i>23.1%</i>
	29,151	100.0%	31,247	100.0%	2,096	7.2%

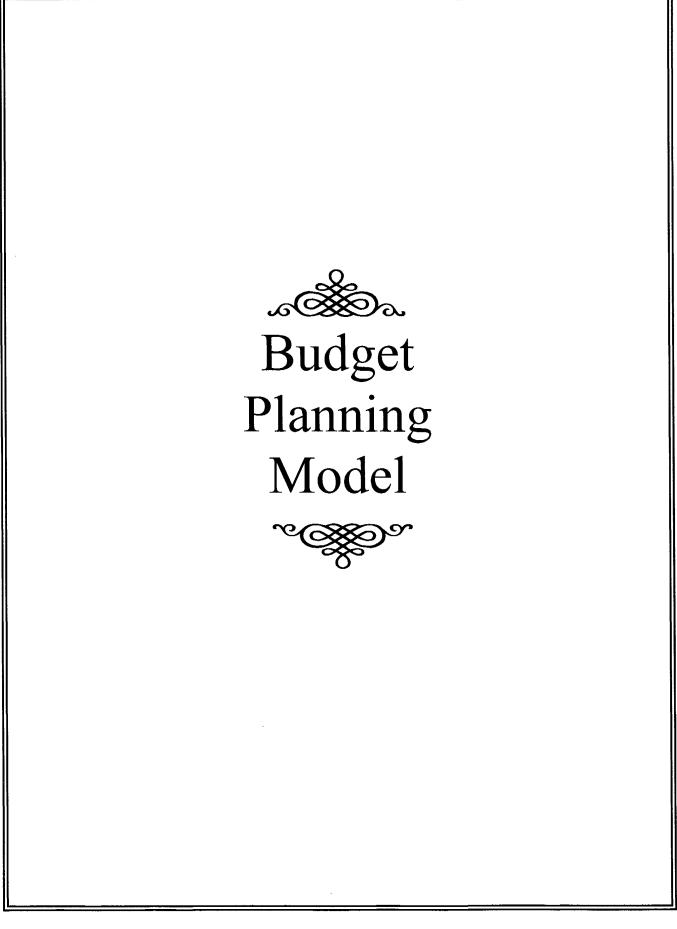
Source: U.S. Census Bureau, Census 2000

# ANDOVER GROWTH FACTORS (Property)



Property Type	<u> 1990</u>	<u>% of Total</u>	<u>2000</u>	% of Total	<u>10 Yr Diff #</u>	<u>10 Yr Diff %</u>
Single Family	7,420	71.4%	8,234	<i>76.0%</i>	814	11.0%
Multi & Condo	1,307	12.6%	1,304	<i>12.0%</i>	<i>-3</i>	-0.2%
Open Space	1,266	12.2%	917	8.5%	-349	<i>-27.6%</i>
Comm. & Ind.	<u>392</u>	<u>3.8%</u>	<u>381</u>	<u>3.5%</u>	<u>-11</u>	<u>-2.8%</u>
	10,385	100.0%	10,836	100.0%	<i>451</i>	4.3%

Source: Massachusetts Department of Revenue



# BUDGET PLANNING MODEL FY2005 - FY2009

		FY2003	FY2004	FY2005	ACCUTA PARTICING
DEVENUES		Final	<u>Final</u>	Projected	<u>ASSUMPTIONS</u>
<u>REVENUES</u> PROPERTY TAXES					
Prior year Tax Levy Limit		68,287,439	72,287,345	75,252,414	Beginning Tax Levy Limit
2.5% Increase		1,707,186	1,807,184	1,881,310	•
General Overide		0	0	0	
Certified New Growth Excess Tax Levy Capacity		2,292,720 (151)	1,157,885 <u>(752)</u>		Estimate of new growth No excess levy capacity
Excess Tax Levy Capacity	TOTAL	72,287,194	75,251,662	78,333,724	No excess levy capacity
		-,	,	, ,	
ADDITIONAL PROP 2 1/2 PROPERTY	TAXES				
Debt Service Exclusion (Existing)		4,885,261	5,291,183	4,964,627	The state of the s
Debt Service Exclusion estimate (To be borrowe less Adjustment from prior year		553,294	517,000 (19,802)	470,300	Estimate of aditional exempt debt service
Less State Reimbursement		(1,894,649)	(1,875,703)	(1,894,649)	State aid for AHS, South and Sanborn. Elem/Middle in FY2007 (projected)
	TOTAL	3,543,906	3,912,678	3,548,278	
OTATE AID					
STATE AID Chapter 70 Education Aid		6,181,695	4,945,356		Based on Governor's Budget(House!)
Chapter 70 Education Aid Chapter 70 Education Aid for Regional	Schools	0,101,095	4,945,550	4,945,356 0	
School Transportation & State Ward Ro		319,373	ő	ő	
School Construction Reimb SBAB		1,894,649	1,875,703	1,894,649	Governor's budget -New schools funded in FY2006
Transitional Local Aid Mitigation		00.044	0	0	
Reserve for Direct Expenditures Other General Government Aid		63,944 796,228	55,531 745,759	55,793 691,151	Regional Library aid decreased to 270,000 from 340,000
Lottery		1,854,5 <u>34</u>	1,576,354	1,576,354	Regional Liotary and decreased to 270,000 from 540,000
,	TOTAL	11,110,423	9,198,703	9,163,303	
GENERAL LOCAL REVENUES  Motor vehicle Excise		4,422,000	4,567,000	4,800,000	Collected by departments , not reserved for special purposes
Licenses/Permits		850,000	1,220,000	1,220,000	
Penalties/Interest		300,000	300,000	300,000	
Fines		260,000	415,000	415,000	
General Government		190,000	305,000	305,000	
Fees		47,000	76,000	76,000	
Schools		826,000	30,000 413,000	30,000 413,000	
Investment Income Hotel/Motel Excise		950,000	862,000	905,000	
Library		20,000	21,000	21,000	
Cemetery		40,000	43,000	43,000	
Miscellaneous		<u>2,000</u>	2,000	2,000	
	TOTAL	7,907,000	8,254,000	8,530,000	
OFFSET LOCAL REVENUES					Reserved for direct expenditure within department budgets
Community Services		441,000	507,000	513,820	, ,
Elder Services		145,200	162,000	162,000	
Municipal Facilities		70,000	100,000	100,000	
Police Grants Police Off-Duty Fee		65,000 60,000	50,000 60,000	0 60,000	
Medicaid Reimbursement		40,000	40,000	100,000	
Ambulance		600,000	700,000	750,000	
	TOTAL	1,421,200	1,619,000	1,685,820	
ENTERPRISE FUNDS INDIRECT COS	272				
Indirect Costs to General Fund	<u> </u>	1,069,888	1,299,327	1,385,704	From Water and Sewer Enterprise Fund
	TOTAL	1,069,888	1,299,327	1,385,704	
OTHER AVAILABLE FOR					Decree of the second se
OTHER AVAILABLE FUNDS	ıdast)	71,791	79,707	121 920	Reserved for direct expenditure within department budgets Police and Parking Control budgets
Off-Street Parking Fund (Operating Bu Off-Street Parking Fund (Capital Projection)		30,000	79,707	98,000	rouce and Farking Control budgets
Stabilization Fund	0.0)	600,000	ő	0	
Cemetery interest/lots		155,000	155,000	125,000	
CD&P Grants/Wetland fees		6,000	6,000	6,000	
Bond Premium reserved for debt servi Warrant Article Balances	ce	<u>0</u>	433,725	<u>0</u>	
Waltant Article Balances	TOTAL	862,791	674,432	360,829	
		•	•	•	
FREE CASH		E00.000	_	4 575 00-	D 14 D 24 D 25
Capital Projects Articles Operating budget		500,000 300,000	0 1,205,307		P-14,P-24, P-25 300,000 support for the operating budget + \$500,000 for unemployment costs
Other Articles		2,098,500	1,205,307 1,649,775		P-7, P-32, P-42, P-43, P-46
	TOTAL	2,898,500	2,855,082	3,339,000	, , , , , , , , , , , , , , , , , , , ,
			100.05 ( 00 )		
* GRAND TOTAL REVENUES * INCREASE OVER PRIOR YEAR		101,100,902 6.70%	103,064,884 3. <i>20%</i>	106,346,658 3.20%	
INUNEAGE OVER PRIOR TEAR		0.70%	3.20%	3.20%	

# BUDGET PLANNING MODEL FY2005 - FY2009

	FY2003 <u>Final</u>	FY2004 <u>Final</u>	FY2005 Projected	<u>ASSUMPTIONS</u>
EXPENDITURES				
OBLIGATIONS	0.554.704		0 705 540	D 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Retirement	3,554,704	3,658,024		Based on 2002 actuarial study and PERAC requirements
Insurance/Unempl Comp	625,000 4,489,000	1,236,000 6,975,000		Early estimate of insurance renewals & unemployment compensation
Health insurance State/County Assmts.	1,417,791	1,399,844		Assumes level enrollment, rate and claims increase 20% FY05 Based on Governor's Budget(House1)
Overlay	950,000	703,742		Reserve for tax exemptions/abatements
GLTHS	75,729	90,348	90,000	reserve for the exemptions distinctions
Regional Library	475,500	340,000	270,000	
Stabilization Fund	. 0	. 0	. 0	
Special Education out of district	4,146,693	4,828,634	5,278,101	Proj FY05 \$5,818,000 less state circuit breaker est of \$540,000
Reserve for Direct Expenditures	63,944	55,531	60,000	
Other Local Expenditures	2,880	20,126		Reserve for overlay/other deficits
TOTAL	15,801,241	19,307,249	21,652,851	
DEBT SERVICE				
Existing Non-Exempt General Fund Debt	3,017,109	2,836,285		Existing debt service as of 6/30/03 refunding issue (excludes Prop 2 1/2 exempt debt)
Appropriated/Not Borrowed Non- Exempt Gener	80,000	187,000	108,000	Estimate of Non-Exempt Debt Service not yet horrowed
CIP Proposed FY2005	0			To be determined
General Fund Bond Issue Expense	80,000	80,000	80,000	
Appropriated/Not Borrowed Exempt	800,000	517,000		Estimate of Exempt Debt Service not yet borrowed
Existing Exempt Debt - School and Public Safety	4,885,261	5,380,292		Existing Proposition 2 1/2 exempt debt service costs
TOTAL	8,862,370	9,000,577	8,786,705	
JOINT EXPENSES				
Human Resources	326,491	359,619		Estimate to be included in School FY2005 budget
Plant and Facilities	2,483,298	2,438,918		Level Funded
Capital Projects Fund	2,337,000	1,751,000		Included in P and F CIP budget (20% growth eliminated for FY05)
TOTAL	5,146,789	4,549,537	4,842,298	
OFFSET EXPENDITURES				Expenditures are offset by dedicated revenues
Community Services	441,000	507,000	513,820	
Elder Services	145,200	162,000	162,000	
Community Development	6,000	6,000	6,000	
Fire	600,000	700,000	750,000	
Police	196,791	189,707	191,829	
Cemetery	155,000	155,000	125,000	
Medicaid services TOTAL	<u>40,000</u> 1,583,991	<u>40,000</u> 1,759,707	<u>100,000</u> 1,848,649	
TOTAL	1,363,991	1,739,707	1,040,049	
ARTICLES	0.500.500	4 040 775	0.500.000	D. C. S. D. C. and J. J. S.
From Free Cash	2,598,500	1,649,775		For Capital Projects and other warrant articles
From Taxation	25,000	422 725		Elderly/disabled transportation program
Other Available Funds TOTAL	<u>30,000</u> 2,653,500	433,725 2,083,500	98,000 2,662,000	
TOTAL	2,000,000	2,003,000	2,002,000	
* TOTAL DEDUCTIONS *	34,047,891	36,700,570	39,792,503	
BALANCE FOR OPERATIONS	67,053,011	66,364,314	66,554,155	Amount available for operating budget
INCREASE OVER PRIOR YEAR	3.67%	-1.03%	0.29%	Available % increaee from prior year
SCHOOL OPERATING (prior to Bucket adds)	42,072,322	41,660,013	41,780,827	
% CHANGE (rounded)	6.37%	-0.98%	0.29%	
TOWN OPERATING (Prior to Bucket adds)	24,980,689	24,704,301	24,775,943	
% CHANGE (rounded)	3.55%	-1.11%	0.29%	
SCHOOL OPERATING (from above)	42,072,322	41,660,013	41,780,827	•
SCHOOL OPERATING (from above) Plus Bucket items	44,012,322		, ,	
Human Resources	326,491	359,619	366,811	
Special ED Out of District & Transp	4,146,693	4,828,634	5,278,101	
Medicaid Reimbursements	100,000	40,000	100,000	
SCHOOL APPROPRIATION	46,645,506	46,888,266	47,525,739	
% CHANGE in Appropriation (rounded)	9.61%	0.52%	1.36%	

#### Revenues

#### PROPERTY TAXES

Proposition 2½ as amended limits the total property tax levy to a maximum increase of 2½% over the prior year's <u>levy limit</u> plus an amount allowed for new construction in town. Base is related to the prior year's actual property tax levy and levy limit. New Growth shows the taxes anticipated from new building in town during the prior fiscal year. The growth figure is calculated using the prior year's tax rates. Additional amounts may be added for overrides through ballot votes and permanently increase the levy limit.

#### ADDITIONAL PROP 2 1/2 PROPERTY TAXES

Proposition 2½ allows communities, by ballot vote, to raise additional property taxes for specific purposes for a limited time. Property taxes can be raised to fund the debt service costs of these specific projects (less State reimbursement).

#### STATE AID

Funds received from the State on the Cherry Sheet are based on a variety of formulas and the level of funding is determined each year by the State Legislature.

<u>Chapter 70</u> - Chapter 70 School Aid is based upon a distribution formula established by legislation. The amount of money Andover receives each year from the State depends both on how much is available for local aid and the distribution formula for those funds.

Reserve for Direct Expenditures - Partial reimbursement for costs incurred in serving lunches to school children. While these funds are not appropriated by Town Meeting (i.e. lunch program money earmarked for specific purposes), they are included in the Budget Model to keep it consistent with the Cherry Sheet. The expenditure of these funds is shown on the School line under Offset Expenditures. Chapter 78 funds are for public libraries and these funds are included under Offset Expenditures, Library.

<u>School Reimbursements</u> - Provides partial reimbursement for local expenditures for school transportation programs and costs for providing education to state wards.

<u>Education Reimbursement SBAB</u> - State share of school construction costs. Andover will receive 60% reimbursement for debt services costs for school building projects.

<u>General Government Distribution</u> - Funds from a variety of programs including Regional Library money, Police Career Incentive, Highway Funds, Andover's share of Lottery proceeds, and state reimbursements for certain exemptions and state-owned land. The amount included here for the Regional Library System is matched by the <u>Regional Library</u> appropriation under <u>Obligations</u>.

#### GENERAL LOCAL REVENUES

Motor Vehicle Excise - Limited by Proposition 2½ to \$25 per \$1000 valuation, the revenue from this tax is directly related to the number and value of motor vehicles registered in town.

<u>Licenses</u> - Included are fees from licenses granted by the Board of Selectmen, fees collected for building permits and licenses granted by the police and fire departments and Town Clerk. The majority of this revenue is directly related to the amount of construction in town.

<u>Penalties/Interest</u> - Interest and penalty charges for late payment of taxes.

Fines - Revenues from motor vehicles violations, court fines and parking tickets.

<u>Special Assessments</u> - Betterments for water and sewer improvements are accounted for in the enterprise funds.

#### **GENERAL LOCAL REVENUES (Continued)**

<u>General Government</u> - Fees for services provided by various town offices such as copies of public records, certificates of liens, tax title redemptions, etc.

<u>Fees</u> - Fees collected by the various offices.

<u>Investment Income</u> - Revenue generated by the Town Treasurer by investing town funds. This revenue is directly related to the level of cash balances and market interest rates.

Hotel/Motel Excise - Revenue from the 4% room occupancy tax voted by the 1986 Town Meeting.

Library - Miscellaneous library fees.

<u>Cemetery</u> - Fees collected by Spring Grove Cemetery not reserved for perpetual care.

<u>Miscellaneous</u> - Housing Authority payments in lieu of taxes, reimbursements for Veterans expenses, and miscellaneous School Department income.

#### OFFSET LOCAL REVENUES

<u>Community Services & Elder Services</u> - Income from programs run by Community Services and Elder Services. The portion of departmental operating costs covered by these revenues is shown under Offset Expenditures.

<u>Municipal Facilities</u> - Fees from rental of Town and School buildings are used to offset the costs of the Municipal Facilities budget. These funds are appropriated in the Plant and Facilities budget.

<u>Medicaid Reimbursement</u> – Insurance reimbursement to School Department for eligible services.

<u>Ambulance</u> - Income from ambulance fees is used to offset the cost of providing ambulance service. The portion of the Fire Department budget covered by these fees is shown under Offset Expenditures, <u>Fire</u>.

<u>Police Grants & Police Off-Duty</u> - Various grants as well as state and federal aid for which anticipated revenues are dedicated to a specified purpose. A 10% administrative fee is charged on private detail bills.

#### **ENTERPRISE FUNDS**

<u>Water</u> - All capital, operating and indirect costs of Andover's water system are covered by water revenues. Debt service for water mains and the water treatment plant is shown under Debt Service. Water Department operating costs are shown under Offset Expenditures, Water Division. Indirect costs for such things as health insurance for water department employees, billing and accounting, etc., are included in other departmental budgets and are included in the cost analysis when water rates are set.

<u>Sewer</u> - All sewer capital, operating and indirect costs are covered by sewer revenues. Debt service for sewer projects is shown under Debt Service. Sewer Department operating costs, including Andover's share of the costs of the Greater Lawrence Sanitary District, appear under Offset Expenditures, Sewer Division. Indirect costs are funded in other departmental budgets and are included in the cost analysis when sewer rates are set.

#### OTHER AVAILABLE FUNDS

Off-Street Parking Fund - Revenues from parking meters are used to offset the salaries of parking control staff plus parking related expenses which are appropriated in the Police Budget.

<u>Cemetery Interest/Lots</u> - Perpetual Care interest income and income from sale of lots is used to offset a portion of the operating costs of the Spring Grove Cemetery. These funds are appropriated in the Plant and Facilities Budget.

#### **OTHER AVAILABLE FUNDS (Continued)**

Stabilization Fund – This fund is established by Town Meeting and used to accumulate amounts for capital or other future spending purposes, although it may be appropriated for any lawful purpose per MGL Ch. 40 – Powers and Duties of Cities and Towns §513. Communities may appropriate into this fund an annual amount not to exceed ten percent of the prior year's tax levy. A two-thirds vote of Town Meeting or City Council is required to appropriate money from the Stabilization Fund.

Wetland Filing Fees - Funds reserved for use by the Community Development Office to offset conservation and wetland protection costs.

#### **FREE CASH**

The State certifies a certain portion of a town's surplus revenues as legally available for spending by Town Meeting. This amount is known as Free Cash. Articles matches the Articles/Free Cash line on the expenditure side of the model. Andover has tried to maintain a Free Cash certification of 3-7% of total budget as a reserve which can be tapped in case of emergency and to provide enough cash in the bank to meet payrolls and pay the bills without having to borrow in anticipation of taxes. The 3-7% goal is a widely accepted measure of good financial standing and a factor in Andover's bond rating. The recommendation about the use of Free Cash is based on actual revenue collections for the current fiscal year and the adopted goal of the Board of Selectmen.

## **Expenditures**

All the joint or "bucket" expenditures subtracted first from total revenues are either fixed by some outside authority, totally supported by earmarked revenues or designated as general obligations of the community by agreement of the Board of Selectmen, School Committee, and Finance Committee.

#### **OBLIGATIONS**

Retirement - Expenses for pensions for retired town and school employees (except teachers). There are specific line items voted by Town Meeting for retirement expenses. The amount budgeted is determined by the Public Employee Retirement Administration, a state agency, and is based on the Town's funding schedule. Costs for the Town's share of the teachers early retirement incentive program are also included. Budgeting and administration are the responsibility of the Retirement Board.

<u>Insurance</u> - The combined costs of all insurance policies for both Town and Schools and unemployment compensation. There are specific line items voted by Town Meeting for these purposes. Budgeting and administration are the responsibility of the Town Manager.

<u>Health Insurance</u> - The Town share of health insurance costs for all Town and School employees and retirees (except teachers). Town Meeting votes a specific appropriation for the Health Insurance Fund. The level of benefits offered to Town and School employees is set through collective bargaining. Budgeting and administration are responsibilities of the Town Manager.

<u>State/County Assessments</u> – State Cherry Sheet charges for Andover's share of the costs of the Regional Transit Authority, retired teachers' health insurance and other State assessments. These funds are <u>not</u> appropriated by Town Meeting.

Overlay - An amount which must be held in reserve for property tax abatements and exemptions. These funds are <u>not</u> appropriated by Town Meeting. The amount is determined by the Board of Assessors and included in the calculation of the tax rate.

<u>GLTHS</u> - Andover's share of the costs of the Greater Lawrence Technical High School. The regional school committee prepares the regional school budget. Town Meeting votes a specific appropriation for this purpose.

<u>Stabilization Fund</u> - A Town Meeting vote is required to appropriate funds into the Stabilization Fund. Funds appropriated to the Stabilization Fund are held in reserve for future use. A 2/3 Town Meeting Vote is also required to expend funds held in Stabilization.

<u>Regional Library</u> – Expenditures made by Andover Memorial Hall Library for regional services. State revenue offsets these expenditures.

Special Education - Out of District - Tuition and transportation costs for special needs students whose education plans require special placements because appropriate programs are not available in the Andover Public Schools. Budgeting and administration are responsibilities of the School Committee. The funds are appropriated by Town Meeting in the School Budget.

Reserve for Direct Expenditures - State aid for public library and school lunches.

Other Local Expenditures - Miscellaneous tax title expenses, court judgments, etc., which are added to the amount needed to be raised by the Town when the tax rate is set. Revenue and overlay deficits appear in this line. Over expenditures for snow removal or debt service would also show up here. These funds are <u>not</u> appropriated by Town Meeting.

#### **DEBT SERVICE**

These lines include all payments due in the current fiscal year on bonds for all capital projects (excluding Water & Sewer) for both Town and Schools, long term lease obligations for the Town Offices and the Library, short term interest expenses and debt issuing expenses. Also shown separately is debt service for projects approved with debt exclusion overrides of Proposition 2½. Town Meeting appropriates specific amounts for principal and interest expenses. The Town Manager is responsible for budgeting and management of Andover's debt service.

#### JOINT EXPENSES

<u>Human Resources</u> - The salaries and expenses for the Human Resources Department which serves both Town and Schools (excluding the School's substitute coordinator). The appropriation for this purpose can be found in the School Budget.

<u>Plant and Facilities</u> - Salaries and expenses for Plant and Facilities, Administration, Building Maintenance, and Plumbing, Heat, and Electrical divisions of the Plant and Facilities Department. The other divisions (Parks and Grounds, Forestry, Cemetery and Vehicle Maintenance) are included in the Town Operating Budget. The Town Manager has responsibility for budgeting and administration.

<u>Capital Projects Fund</u> - An amount appropriated each year for scheduled building repair, equipment, or improvement projects. These funds are included in the appropriation for Plant and Facilities. The Town Manager has responsibility for budgeting and administration. The policies determining the total amount to be budgeted for Maintenance Projects and selection of specific projects for funding are determined by the Board of Selectmen with the Town Manager in the Capital planning process.

#### **OFFSET EXPENDITURES**

Each of these lines is offset by funds from a specific revenue source identified on the Revenue side of the Budget Model.

#### **ARTICLES**

The amount allocated for warrant articles has usually matched the amount shown for that purpose under <u>Free Cash</u>. It is also possible to fund warrant articles from taxation, bonding, transfers of unexpended balances, grants, trust funds, etc. If an article were funded from taxation, this line would not match the Free Cash/Articles line. Projects funded by bonding affect future debt service expenses.

#### BALANCE AVAILABLE

This is the amount available for Town and School operations. The percentage increase over what was available for the prior fiscal year is calculated. Town and Schools each get the same percentage increase. Usually the School Budget is calculated first because it is simpler. The Town departmental budgets share the balance. This allocation is reviewed annually. Special circumstances in a particular year may result in an adjustment allocating a larger percentage increase to either Town or Schools.

#### School Share / Town Share

The following calculation is used to arrive at equal percentage increases for the School and Town operating budgets.

- 1. Take prior year's School Budget
- 2. Subtract Joint Expenditures included in that year's School Budget (Human Resources less substitute coordinator)
- 3. Subtract Medicaid.
- 4. Subtract Special Education Out of District and Transportation costs included in that year=s budget.
- 5. Add percentage increase for Balance Available. The result is the School share of the bottom line.
- 6. Add Joint Expenditures for this year (Human Resources)
- 7. Add Special Education Out of District and Transportation Budget for this year.
- 8. Add Medicaid.
- 9. Total is School Budget appropriation

# FINANCIAL GOALS AND OBJECTIVES STATEMENTS

#### A. FISCAL POLICIES/GENERAL FUND

All current operating expenditures will be paid for with current operating revenues.

The purpose of this policy is to maintain a financially sound operating position for the town by promoting Andover's ability to 1) balance its budget on a current basis, 2) maintain reserves for emergencies, and 3) have sufficient liquidity to pay bills on time to avoid short-term borrowing costs.

The town will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as postponing expenditures, accruing future years' revenues or rolling over short-term debt.

- 2. The combined balance of Free Cash and Stabilization Fund should be maintained at 3%-7% of general fund operating revenues.
  - a. The Town will endeavor to maintain a certified Free Cash balance equal to 3% 7% of general fund. The Free Cash balance is an important indicator of whether a town is living within its means. A declining balance means that the town is spending more on an annual basis than it is collecting in revenues. Andover's goal is to maintain its Free Cash balance at 3% 7% as a reserve which can be tapped in case of emergency and to provide enough cash in the bank to meet payrolls and pay the bills without having to borrow in anticipation of taxes. Together with the Stabilization Fund the 3-7% goal is a widely accepted measure of good financial standing and a factor in Andover's bond rating.

Free Cash provides a financial cushion against events such as a sudden loss of a revenue source, an economic downturn, emergency or other unanticipated expenditures, non-recurring capital expenditures and uneven cash flow. A constant decline or a low level of Free Cash indicates a problem in meeting current expenditures and revenue targets, subsidizing the current operating budget, or utilizing reserves for purposes not planned. A sudden decline in free cash may be temporary or related to planned purposes.

- b. The Town will endeavor to maintain a Stabilization Fund. Funds held in Stabilization may be appropriated for one-time capital expenses only.
  - The Town may appropriate monies into the Stabilization Fund over two or more years for a specific planned capital project in order to avoid borrowing costs.
- 3. Free Cash in excess of goal should be used for non-recurring or emergency expenditures or appropriated to a stabilization fund for future capital projects and equipment purchases.

This goal, combined with Policy 2, will provide a strategy to avoid creating future operating deficits by over reliance on Free Cash to subsidize the operating budget. The policy should allow, once a reasonable level of Free Cash is attained, for a contingency reserve (either appropriated or unappropriated) to be used for expenditures of a non-recurring nature, capital and equipment purchases, or unexpected, nonrecurring small increases in public service costs.

# FINANCIAL GOALS AND OBJECTIVES STATEMENTS

Year	Certified Free Cash Going into Town Meeting	Free Cash as % of Budget	Amount Spent by Town Meeting	Amount Remaining after Town Meeting
1992	278,413	0.5%	264	278,149
1993	1,179,116	2.1%	379,983	799,133
1994	2,158,766	3.3%	354,300	1,804,466
1995	2,208,322	3.2%	480,500	1,727,822
1996	3,493,524	4.7%	2,167,834	1,325,690
1997	2,399,209	3.1%	765,645	1,633,564
1998	4,272,761	5.1%	2,128,435	2,144,326
1999	5,337,761	5.8%	4,151,008	1,186,753
2000	3,652,583	4.3%	2,810,319	842,274
2001	3,829,165	4.2%	2,848,953	980,212
2002	3,767,004	4.0%	2,923,476	843,528
2003	3,340,240	3.5%	2,855,082	485,158
2004	4,413,574	4.5%	TM Rec. 3,339,000	1,074,574

4. Annual budget should include a Capital Projects Fund from current dollars to maintain an equipment replacement and facilities maintenance schedule equal to 2% of General Fund Operating Budget.

Much of the Town's government wealth is invested in our capital plant i.e. buildings, fields, infrastructure, equipment, and vehicles. Long-term debt is an appropriate source of funding for certain types of projects while current revenues should be used for those assets with a short useful life.

5. Annual budget should include 20% of the property taxes from new growth/construction and should be allocated to capital projects fund.

This goal will provide for a source of funding that does not compete with the operating budget but increases or decreases in relation to growth in the budget and growth in the community.

6. Fees and user charges should be reviewed annually in relation to the costs of providing the service.

As State and Federal assistance has declined and/or been eliminated, the Town's local non-property tax revenue base has provided more funding for local services. In order to continue to provide these services without an additional burden on the property tax, these fees should be reviewed to cover, when appropriate, any cost increase or decrease associated with delivering that program or service.

# FINANCIAL GOALS AND OBJECTIVES STATEMENTS

#### B. FISCAL POLICIES - WATER & SEWER

1. Rates and fees for water and sewer funds should be set at a level to provide for self-supporting operations.

The water and sewer funds should be reviewed annually to project revenues and expenditures for the next fiscal year, estimates of current year, and projections for future years. Estimates of capital projects and debt service should be included in order to project the impact on water or sewer rates. Any water or sewer costs not supported by user revenues or betterments would place a requirement on the General Fund for financial support.

2. Betterments will be assessed for water and sewer extensions.

In line with Policy 1, water and sewer projects that are extensions on the existing system will be assessed to the property owner according to the betterment formula for water and sewer.

3. Water and sewer main replacements should be scheduled so as to avoid major increases in water and sewer rates.

The current water and sewer funds are established as self-supporting on a cash basis. Revenues are planned to cover operating budgets, indirect and overhead costs, and debt service payments. Depreciation is not funded, therefore, a carefully designed replacement plan is necessary to ensure a rate structure adequate to pay all costs including proposed new long-term debt.

4. Water and sewer debt service should not exceed 40% of water and sewer operating revenues.

Water and sewer capital plan should attempt to invest in the town's water and sewer system at a rate that does not place dramatic increases on the ratepayer. One method for accomplishing this objective is to relate debt service to operating revenues at the 1994 fiscal year base level. This practice would allow increased investment in the Town's enterprises but in proportion to revenue increases.

#### C. CAPITAL PLANNING POLICIES

1. The annual operating cost of a proposed capital project, as well as debt service costs, will be identified before any long-term bonded capital project is recommended.

Capital projects may increase future expenses, decrease future expenses or may be cost-neutral. The funding of capital projects may fall within available revenues (taxes or fees) or new revenue sources (debt or capital exclusions). It is important to project the impact that the proposed capital project has on the operating budget so that operating budget funding sources could also be identified or new funding sources recommended.

- 2. Capital projects should be reviewed in relation to impact on property tax limitation and annual operating budgets.
  - a. Projects funded with current tax revenues should identify the impact on the annual operating budget.
  - b. Projects funded with long-term debt and <u>not exempted</u> from Proposition 2 1/2 should identify the impact on annual operating budgets.

# FINANCIAL GOALS AND OBJECTIVES STATEMENTS

- c. Projects funded with long-term debt and <u>exempted</u> from Proposition 2 1/2 should identify the impact on the annual tax rate and/or tax bill. (Debt Exclusion)
- d. Projects funded with <u>capital exclusion</u> should identify the impact on current annual tax rate and/or tax bill. (Capital Expenditure Exclusion)
- 3. Funding for discretionary capital projects should be contingent on voter approval of either a debt exclusion or capital expenditure exclusion so that the limited resources available within Proposition 2½ remain available for Town and School operating needs and essential capital projects. Non-discretionary projects are those needed to protect health and safety or to meet legal mandates. Debt Exclusions or Capital Expenditure Exclusions may also be considered for non-discretionary projects on a non-contingent basis.

#### D. DEBT MANAGEMENT POLICIES

1. Long-term debt should not be incurred without a clear identification of its financing sources.

Long-term debt is generally utilized to fund capital projects that have a long useful life and are relatively expensive. Because of the debt service costs and annual appropriations necessary to retire this debt, there should be clear knowledge and commitment of revenue sources available to pay these costs without competing with operating budgets for limited resources. See Financing Options and Capital Planning policies for further discussion.

2. Betterments will be assessed on all capital projects where applicable. (e.g. water, sewer, street, sidewalks, etc.)

When specific benefits accrue to property owner(s), betterments will be assessed in accordance with State Statutes and local policies. This funding source will contribute all or a portion of the costs associated with the capital project.

3. General Fund debt service will not exceed 10% of General Fund revenues.

The credit rating agencies, such as Moody's Investors Services, consider debt service on net direct debt (i.e. non-self supporting) exceeding 20% of net operating revenues as a potential problem. Dramatic increases in debt service also indicate potential problems unless revenue sources increase to keep pace with these additions to fixed costs. The 10% benchmark provides a policy to apply to new projects and the growth of revenues to finance such projects.

4. The Town will attempt to maintain a long-term debt schedule so that at least 50% of outstanding principal will be paid within 10 years.

Debt service costs include annual principal and interest payments. Debt service costs are also a significant portion of fixed costs. A reasonable maturity schedule not only reduces interest costs but recognizes that capital needs will continue to be identified and recommended. Credit rating bureaus review these maturity schedules and future capital needs.

#### appropriation

An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually specifies the source of funds, limits the amount and specifies the period during which the funds may be expended. Only town meeting or city council can authorize money appropriated for one purpose to be used for another.

Any amount that is appropriated may be encumbered (see encumbrance). Any part of an annual operating appropriation not spent or encumbered by June 30 automatically reverts to the undesignated fund balance that may result in <u>free cash</u>. A **special purpose appropriation**, on the other hand, may carry forward from year to year until spent for the designated purpose or transferred by town meeting/city council vote to another account.

#### assessed valuation

A dollar value assigned to a real estate parcel or other property by a government unit as the basis for levying taxes. In Massachusetts, assessed valuation is based on the amount a willing buyer would pay a willing seller on the open market. Assessors must collect, record, and analyze information about the physical characteristics of the property and the real estate market to estimate the value of all taxable properties in their communities.

#### **BAN (Bond Anticipation Note)**

A short-term <u>note</u> issued in anticipation of <u>bond</u> proceeds. The proceeds of a BAN offering are frequently used to provide cash for initial project costs. BANs may be issued for a period not to exceed five years, provided principal repayment begins after two years (MGL Ch. 44 § 17). Communities with approved projects on the School Building Assistance (<u>SBA</u>) priority list may defer principal payments up to five years (approved annually in outside sections of the budget.) The final maturity date of the project borrowing, beginning from the date the short-term note was issued, may not exceed the term specified by statute (MGL Ch. 44§ 7 & 8). BANs are <u>full faith and credit obligations</u>.

#### betterments (special assessments)

Whenever a limited area of a community receives benefit from a public improvement (e.g., water, sewer, sidewalk, etc.), special property taxes may be assessed to reimburse the government entity for all or part of the costs it incurred. Each parcel receiving benefit from the improvement is assessed for a proportionate share of the cost of such improvements. The proportionate share may be paid in full, or the property owner may request that assessors apportion the betterment over a period of up to 20 years. Each year an amount equal to one year's apportionment plus one year's committed interest (computed from October 1 to October 1) is added to the tax bill until the betterment has been paid.

#### bond

A written promise to pay a specified sum of money, called the face value (par value) or principal amount, at a specified date in the future, called the maturity date, together with periodic interest at a specified rate. While similar to a note, bonds have longer terms (difference between issue and maturity dates) than notes.

#### budget

A plan of financial operation for a given period of time that includes an estimate of proposed revenues and expenditures and any required outside financing . A budget may be a "preliminary" budget presented to the town meeting, or city council, or a "final" budget approved by that body. The budget should be separated into basic units, based on department, program, or service. The budget should include as much information as possible about the output or accomplishments expected for each budget unit (department, program or service) during the budget period. Formatting the budget in this way helps local officials and citizens make policy decisions when allocating scarce resources.

#### capital improvements program

A comprehensive plan for <u>capital expenditures</u> within a municipality. A capital improvement program coordinates community planning, fiscal capacity and physical development. While all of the community's needs should be identified in the program, the program includes a set of criteria prioritizing expenditures. An improvements program usually covers a period that extends at five or more years beyond the capital budget.

#### cemetery perpetual care

Funds donated by individuals for the care of gravesites. According to MGL Ch. 114 § 25, funds from this account must be invested and spent as directed by perpetual care agreements. If no agreements exist, the interest (but not principal) may be used as directed by the cemetery commissioners for the purpose of maintaining cemeteries.

#### Chapter 70 - School Funds

Portion of the Massachusetts General Laws that defines the amount of state aid municipalities receive for public education. Chapter 70 funds are a major part of the annual state budget and of funds distributed via the Cherry Sheet process. Provisions of Chapter 70 specified increases in state funding over a seven year period following enactment of the Educational Reform Act of 1993 to achieve an objective called foundation spending.

#### **Cherry Sheet offset items**

Local aid accounts shown on the <u>Cherry Sheet</u> that may be spent without <u>appropriation</u> in the budget, but which must be spent for specific municipal and regional school district programs. Current offset items include racial equality grants, school lunch grants, and public libraries grants.

#### **Cherry Sheets**

Detailed report on Local Aid for each city and town, plus regional school districts. Named for the cherry colored paper on which they were originally printed, the Cherry Sheets are the official means by which the Commissioner of Revenue (DOR) notifies a municipality or regional school district of the next fiscal year's state aid (receipts) and assessments.

State aid to municipalities and regional school districts consists of distributions and reimbursements. Distributions provide funds based on formulas while reimbursements provide funds for costs incurred during a prior period for certain programs or services. In addition, communities may receive "offset items" that must be spent on specific programs.

Cherry Sheet assessments are advance estimates of state assessments and charges. Local assessors are required to use these figures in setting the local tax rate. Because these figures are estimates, it should be noted that based on filing requirements and/or actual information, the final aid or assessment may differ.

#### CIP (Commercial, Industrial, Personal property)

A group of three property types used to describe the effect of multiple tax rates. A municipality can take a number of actions to shift the <u>levy</u> burden associated with a single tax rate from Open Space and Residential categories to the CIP categories.

#### classification (tax assessment)

As related to setting a tax rate, selectmen or the city council may vote at a required classification hearing to create as many as four different tax rates for residential, open space, commercial, and industrial and personal property.

#### classification (real property)

Assessors are required to classify all real property according to use into one of four classes: Residential, Open Space, Commercial, and Industrial. See <u>property classes</u>.

Having classified its real property, local officials are permitted to determine locally, within limits established by statute and the Commissioner of Revenue (<u>DOR</u>), what percentage of the tax burden is to be borne by each class of real property and by personal property owners.

#### classification (tax rate)

In accordance with MGL Ch. 40 (Powers and Duties of Cities and Towns) §56, the selectmen or city council vote at a required classification hearing to create different tax rates. Based on the <u>residential factor</u> adopted, a community may set different tax rates for residential property; open space; commercial; and industrial and personal property.

#### collective bargaining

The negotiations between an employer and union representative regarding wages, hours, and working conditions.

#### contingent appropriation

An <u>appropriation</u> that authorizes spending for a particular purpose upon the occurrence of a later event. The grant of spending authority made by an appropriation must be certain at the time of the vote and, therefore, contingent appropriations are not generally permissible.

Under MGL Ch. 59 (Assessment of Local Taxes) §21 C (in), however, towns may make appropriations from the tax levy, available funds or borrowing, contingent upon the subsequent passage of a Proposition 2 1/2 override or exclusion question for the same purpose. The first election at which the question appears on the ballot must be held no later than 45 days after the close of the town meeting at which the contingent appropriation vote was taken. If the first election does not occur within the 45-day period, or the question is not approved at another election within the 90-day period, the contingent appropriation is null and void. If the contingent appropriation was made from the tax levy, the tax rate cannot be submitted to the Commissioner of Revenue (DOR) for approval until the question has been voted upon, or 45 days have passed, whichever occurs first.

#### debt authorization

Formal approval to incur debt by a two-thirds vote of town meeting or city council, in accordance with procedures stated in MGL Ch. 44 (Municipal Finance) § 1, 2, 3, 4a, 6-15.

#### debt exclusion

A vote by a municipality at an election that excludes <u>debt service</u> payments for a particular capital project from the <u>levy limit</u>. The amount necessary to cover the annual debt service payment is added to the levy limit for the life of the debt only. A debt exclusion may temporarily increase the levy above the <u>levy ceiling</u> as defined by Proposition 2 1/2.

#### debt service

The cost, usually stated in annual terms, of the principal repayment and interest of any particular debt issue.

#### encumbrance

Obligation in the form of purchase order, contract, or salary commitment that is chargeable to an <u>appropriation</u> and for which a part of the appropriation is reserved.

#### enterprise funds

An accounting mechanism that allows a community to demonstrate to the public that portion of total costs for a service recovered through user charges and that portion subsidized by the tax <u>levy</u>, if any. With an enterprise fund, all costs of service delivery such as direct, indirect, and capital costs are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or retained earnings generated by the enterprise rather than closing it out to the general fund at year-end. According to MGL Ch. 44 (Municipal Finance) § 53P/2, the services that may be treated as enterprises include, but not limited to, water, sewer, hospital, and airport services.

#### estimated receipts

An estimate of state and local receipts (other than property taxes) that assessors deduct from the gross revenue required (amount to be raised) in order to arrive at the tax <u>levy</u>. The estimate is usually based on the previous year's receipts.

#### excess levy capacity

The difference between the <u>levy limit</u> and the amount of real and personal property taxes actually levied in a given year. Annually, the board of selectmen or city council must be informed of excess levy capacity and their acknowledgment must be submitted to the <u>DOR</u> when setting the tax rate.

#### exemptions

Approval of an application to the board of assessors, that fully or partially removes the obligation to pay property tax on particular categories of property or by persons in specified circumstances as established by statute. Examples include hospitals, schools, houses of worship, and cultural institutions. In addition, exemptions may be granted for qualified veterans, blind individuals, surviving spouses, and persons over 70 years of age.

#### fiscal year

Since 1974, the Commonwealth and municipalities have operated on a budget cycle that begins July 1 and ends June 30. The designation of the fiscal year is that of the calendar year in which the fiscal year ends. For example, the 2000 fiscal year is July 1, 1999 to June 30, 2000 and is usually written as FY2000. Since 1976, the federal government has had a fiscal year that begins October 1 and ends September 30.

#### fixed cost

Municipal costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service or interest costs.

#### free cash

Unrestricted funds from operations of the previous fiscal year that are certified by the Director of Accounts as available for <u>appropriation</u>. Remaining funds include unexpended free cash from the previous year, receipts in excess of estimates shown on the <u>tax recapitulation sheet</u>, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller.

A community should maintain a free cash balance to provide a hedge against unforeseen expenditures and to ensure there will be an adequate reserve to prevent sharp fluctuations in the tax rate. Maintenance of an adequate free cash level is not a luxury but a necessary component of sound local fiscal management. Credit rating agencies and other members of the financial community expect municipalities to maintain free cash reserves and make judgments regarding a community's fiscal stability, in part, on the basis of free cash.

#### general fund

The municipal <u>fund</u> used to account for most financial resources and activities governed by the normal town meeting/city council appropriation process.

#### hotel/motel excise

A local tax option since 1985 that allows a community to assess a tax on room occupancy. A community may levy up to 4% of the taxable rents of hotels, motels and lodging houses located in that community.

#### indirect cost

Costs of a service not reflected in the service's operating <u>budget</u>. For example, an indirect cost of providing water service would be health insurance costs for water department employees. The total cost of a service includes both direct and indirect costs.

#### levy limit

The maximum amount a community can <u>levy</u> in a given year. In the absence of special voted exceptions, the levy limit must be at or below the <u>levy ceiling</u>. The levy limit can exceed the levy ceiling only if the community passes a <u>capital expenditure exclusion</u>, <u>debt exclusion</u>, or <u>special exclusion</u>.

The levy limit can grow each year by 2 1/2 percent of the prior year's levy limit plus <u>new growth</u> and any <u>overrides</u>. (MGL Ch. 59 - Assessment of Local Taxes § 21C (f & g)).

#### local aid

Revenue allocated by the Commonwealth to municipalities and regional school districts. The annual <u>Cherry Sheets</u> transmit estimates of local aid to municipalities and districts. Most Cherry Sheet aid programs are

considered revenues of the municipality's or regional school district's general fund and may be spent for any purpose, subject to appropriation.

#### local receipts

Locally generated revenues, other than real and personal property taxes and <u>enterprise fund</u> revenues. Examples include motor vehicle excise, investment income, hotel/motel tax, fees, rentals, and charges. Annual estimates of local receipts are shown on the tax rate recapitulation sheet.

#### new growth

A calculation of the net increase in municipal property values because of new construction/subdivision or return of exempt property to the tax roles. New growth can be added to a municipality's <u>levy limit</u> as defined by Proposition 2 1/2 and thereby increases taxing capacity.

New growth is calculated by multiplying all increases in value which are not the result of revaluation by the tax rate of the , previous fiscal year. For example, FY2000 new growth is determined by multiplying the value on January 1, 1999 by the FYI 999 tax rate. Assessors must submit documentation of new growth to the BLA (Bureau of Local Assessment) annually before setting the tax rate. Documentation should be retained for five years to satisfy BLA audit requirements.

#### offset receipts

A local option that allows estimated receipts of a particular department to be retained for use by that department and appropriated to offset that department's annual operating budget. If accepted, MGL Ch. 44 - Municipal Finance § 53E limits the amount of offset receipts appropriated cannot exceed the actual receipts collected for the prior fiscal year. The Director of Accounts must approve use of a higher amount before appropriation. Actual collections greater than the amount appropriated close to the general fund at year-end. If actual collections are less, the deficit must be raised in the next year's tax rate.

#### operating budget

A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

#### other amounts to be raised (tax recap)

Amounts not appropriated but must be raised through taxation. Generally, these are locally generated expenditures (e.g., overlay, teacher pay deferral, deficits) as well as state, county and other special district charges. Because they must be funded in the annual budget, special consideration should be given to them when finalizing budget recommendations to the city council or town meeting.

#### other available funds

Sum of excess money left in funds after appropriations and available for a future period.

#### overlay

An account established annually to fund anticipated property tax <u>abatements</u>, <u>exemptions</u> and uncollected taxes in that year. The overlay reserve is not established by the normal appropriation process, but raised on the tax rate recapitulation sheet.

#### overlay deficit

A deficit that occurs when the amount of <u>overlay</u> raised in a given year is insufficient to cover abatements, statutory exemptions, and uncollected taxes for that year. Overlay deficits must be provided for in the next fiscal year.

#### overlay surplus

Any balance in the <u>overlay</u> account of a given year in excess of the amount remaining to be collected or <u>abated</u> can be transferred into this account. Within ten days of a written request by the chief executive officer of a city or town, the assessors must certify the excess amount of overlay available to transfer. Overlay surplus may be <u>appropriated</u> for any lawful purpose. At the end of each fiscal year, unused overlay surplus is "closed" to surplus revenue and becomes a part of <u>free cash</u>.

#### override

A vote by a community at an election that permanently increases the <u>levy limit</u>. Unlike capital outlay expenditure exclusions or debt exclusions, an override vote can increase the levy limit no higher than the <u>levy ceiling</u>. The override ballot question must state a purpose for the override and a dollar amount.

#### principal (bond)

The face amount of a bond, exclusive of accrued interest.

#### Proposition 2½

State law enacted in 1980 that regulates local property tax administration. Major provisions of this legislation are located in MGL 59 - Assessment of Local Taxes § 21C and relate to the determination of a <u>levy limit</u> and levy ceiling for each town.

#### reserve fund

An amount set aside annually within the budget of a city (not to exceed 3% of the tax <u>levy</u> for the preceding year) or town (not to exceed 5% of the tax levy for the preceding year) to provide a funding source for extraordinary or unforeseen expenditures. In a town, the finance committee can authorize transfers from this fund for "extraordinary or unforeseen" expenditures. Other uses of the fund require budgetary transfers by town meeting. In a city, transfers from this fund may be voted by the city council upon recommendation of the mayor.

#### residential factor

A property tax option that can be used to change the percent of tax <u>levy</u> paid by owners of different property types. Specifics of the the residential factor must be adopted by a community annually. A residential factor of "1" will result in the taxation of all property at the same rate (single tax rate). Choosing a factor of less than one results in increasing the share of the levy raised by Commercial, Industrial and Personal property (<u>CIP</u>) and reducing the share paid by Residential property owners.

#### revaluation

Also known as **recertification**. Process by which assessors of a community meet their responsibility for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of a revaluation program depends on the assessors' analysis and consideration of many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information. Every three years, assessors must submit property values to the <u>DOR</u> for <u>certification</u>. Assessors must also maintain current values in the years between certifications so that each taxpayer in the community pays a share of local government cost proportional to the value of their property.

#### revolving fund

<u>Fund</u> within a municipal accounting system used for revenues from a specific service. Revenues in a revolving fund can be used to support the associated service without <u>appropriation</u>. For departmental revolving funds, MGL Ch. 44 - Municipal Finance § 53E/2 stipulates that each fund must be re-authorized each year at annual town meeting or by city council action, and that a limit on the total amount that may be spent from each fund must be established at that time.

The aggregate of all revolving funds may not exceed ten percent of the amount raised by taxation by the city or town in the most recent fiscal year, and no more than one percent of the amount raised by taxation may be administered by a single fund. Wages or salaries for full-time employees may be paid from the revolving fund only if the fund is also charged for all associated fringe benefits. Revolving funds for other programs as provided by statute are still allowed, and a departmental revolving fund may be implemented in addition to or in conjunction with other existing statutory revolving funds, provided that the departmental revolving fund does not conflict with provisions of other revolving funds.

#### sale of cemetery lots fund

A fund within a municipal accounting system established for proceeds from the sale of cemetery lots. The proceeds may only be appropriated for the cost of the land, its care and improvement, or the enlargement of a cemetery under provisions of MGL Ch. 114 - Cemeteries and Burials § 15.

#### SBA (School Building Assistance program)

A Massachusetts program that reimburses cities, towns, and regional school districts a percentage of their school construction cost. The SBA was established in 1948 and has been frequently revised by statutory amendments. The percent of reimbursement depends on the wealth of the community or district and the category of reimbursement.

State funds are provided to municipalities for planning and construction of school buildings via a <u>Cherry Sheet</u> receipt program named <u>School Construction</u> (line A-3). A municipality or regional school district submits an grant application to the Department of Education (<u>DOE</u>). In June of each year the DOE prioritizes all new applications using the School Building Assistance (SBA) project priority formula specified in the SBA Act. Each fiscal year the legislature approves the annual SBA authorization which allows the DOE to approve grants during the year.

#### stabilization fund

A <u>fund</u> within a municipal accounting system used to accumulate amounts for capital or other future spending purposes, although it may be appropriated for any lawful purpose per MGL Ch. 40 - Powers and Duties of Cities and Towns § 513. Communities may <u>appropriate</u> into this fund an annual amount not to exceed ten percent of the prior year's tax <u>levy</u> or a larger amount with the approval of the <u>Emergency Finance Board</u>. The aggregate of the stabilization fund shall not exceed ten percent of the community's <u>equalized value</u>, and any interest shall be added to and become a part of the fund. A two-thirds vote of town meeting or city council is required to appropriate money from the stabilization fund.

#### surplus revenue

The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

#### Tax Rate Recapitulation form

A document submitted by a municipality to the <u>DOR</u> (Department of Revenue) in order to set a property tax rate. The recap sheet shows all estimated revenues and actual <u>appropriations</u> that affect the property tax rate. The recap sheet must be submitted to the DOR by September 1 to issue the first-half semiannual property tax bills before October 1. The recap sheet must be submitted by December 1 to issue the third quarterly property tax bills before January 1.

For a recertification year, a municipality submit a <u>Pro Forma Recap form</u> instead of a Tax Rate Recap form. The municipality submits Tax Rate Recapitulation form later after the recertification process is completed.

#### unfunded pension liability

The difference between the value assigned to retirement benefits earned by a municipality's employees and the assets the local retirement system will have on hand to provide those benefits. The dollar value of the unfunded pension liability is driven by assumptions about future interest rates that increase a retirement system's assets and future cost of living increases that increase benefits to pensioners.

#### unreserved fund balance

The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. The unreserved fund balance is akin to a "stockholders' equity" account on a corporate balance sheet. The entire balance amount is not, however, available for <u>appropriation</u> because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected.

#### valuation

The method by which a dollar value is assigned to property. Massachusetts law requires that a community's property be assessed based on market or full and fair cash value (<u>FFCV</u>).